





s to Target

Pact for this and OUN under ER

EUROPEAN NEWS DIGEST

Brussels warns over Anglo's Lonrho stake

The European Commission last night warned that the stake taken by Anglo American, the South African mining group, in Lonrho, the UK conglomerate, would create a dominant position in the platinum and rhodium markets and could adversely affect competition.

Terms agreed for Stet stake

Iri, the debt-ridden Italian state holding company, will receive a minimum L14,800bn (\$9.5bn) from the treasury for its 62 per cent stake in Stet, the telecoms group.

Santoni gives himself up

One of the leaders of Corsica's largest nationalist organisation yesterday turned himself over to police two months after he was convicted in his absence for illegal possession of a firearm.

Riviera 'Godfather' jailed

Mr Maurice Arreckx, a former French Riviera political boss who liked to be called "the Godfather", was jailed for two years yesterday and fined FF9m (\$192,000) for receiving a kickback in the award of a public contract.

Norwegian minister quits



The government of Mr Thorbjørn Jagland, (pictured left) the Norwegian prime minister, was hit by another resignation yesterday as Ms Grete Faremo, the country's oil and energy minister, stepped down in a scandal over alleged abuse of power by the national intelligence service in her previous job as justice minister.

triggered by disclosures that Norway's intelligence service, the POT, in 1988 sought information from former East German Stasi security police archives on Mr Berge Furre, former leader of Norway's leftwing Socialist Left party.

Russian mines sell-off move

The Russian government yesterday announced plans to transfer the management of more than one quarter of the troubled coal industry into private hands.

E German business confidence

Business confidence in east Germany improved markedly in November, according to a survey conducted by the Halle Institute for Economic Research (IWH).

Internet connections to rise

Home connection to the Internet in Europe, which has lagged the US in its use of the global network, is expected to rise more than tenfold in the next five years.

Yeltsin's daughter 'to be Kremlin aide'

By Chrystia Frestland in Moscow

Ms Tatyana Dyachenko, the influential daughter of Russia's President Boris Yeltsin, is likely to be appointed formally as a Kremlin aide, according to an article published today in Sevodnya, a Moscow daily close to the Russian leadership.

father's successful bid for re-election. Other Russian women, such as Raisa Gorbachev, who have violated the unwritten national taboo on family involvement in politics, have met with a frosty public reception.

ment would be likely to strengthen the view that Mr Anatoly Chubais, the Kremlin chief of staff, and a group of seven bankers with whom he is allied, are achieving an increasingly powerful role in the political and economic life of the nation.

during this year's presidential election, when she acted as liaison between her father and a campaign team headed by Mr Chubais.

became, in Sevodnya's words "the ideal lobbyist". She was often the only person who could bring documents to her father's attention and arrange meetings, a crucial role in a country where the most significant political decisions are still taken by presidential decree.

sis's neglected provinces. In an invitation the Kremlin shrugged off as a joke, a group of women from Tula, a region some 350 km from Moscow, petitioned Ms Dyachenko to run for governor.

Fischler presses for EU food watchdog

By Caroline Southey in Brussels

Mr Franz Fischler, European Commissioner for agriculture, yesterday proposed an independent consumer watchdog on food safety as part of a new regime to protect European Union consumers from dangerous foods such as beef from cattle infected with mad cow disease.

esses dangerous to consumers. The body could have powers similar to the European Court of Auditors, which acts as the EU's financial watchdog and has extensive investigative powers.

ceid control to Brussels. He will also have difficulty convincing capitals that extra cash must be found for the agency.

present inspection team of 30. He said the inspection teams would be separated from the agricultural directorate in Brussels.

suggesting that scientists working for the EU were "not in a position to do their job" but that there was "no reason to suggest there was no room for improvement".

Editorial comment, Page 17

Serbia finds a voice for democracy

Laura Silber tries to interpret an unfamiliar protest language

The growing number of demonstrators who every day march through the drab centre of Belgrade are showered with confetti by old women, serenaded by gypsy bands and greeted with victory signs by office workers leaning out of windows.

how others see them: "These protests have changed our image as a problematic, undemocratic nation."

Cinecittà workers in protest at moves for television link

By John Simkins in Milan

Workers at Cinecittà, Italy's Hollywood, where epics such as Ben-Hur and War and Peace were made, yesterday protested about moves to set up a new company strongly weighted with television interests to rent and manage the film studios.

partners the RAI state broadcasting network, Mediaset, the television company controlled by Mr Silvio Berlusconi, and Rank Group of the UK which it proposes should have 20 per cent each.

said half the 10 studios were at present being used for making television programmes.

Ente Cinema also nominated Focus-Goldberry, an Italian concern controlled by Time Warner, to build and manage an 18-screen cinema complex planned for a corner of the studios' grounds.

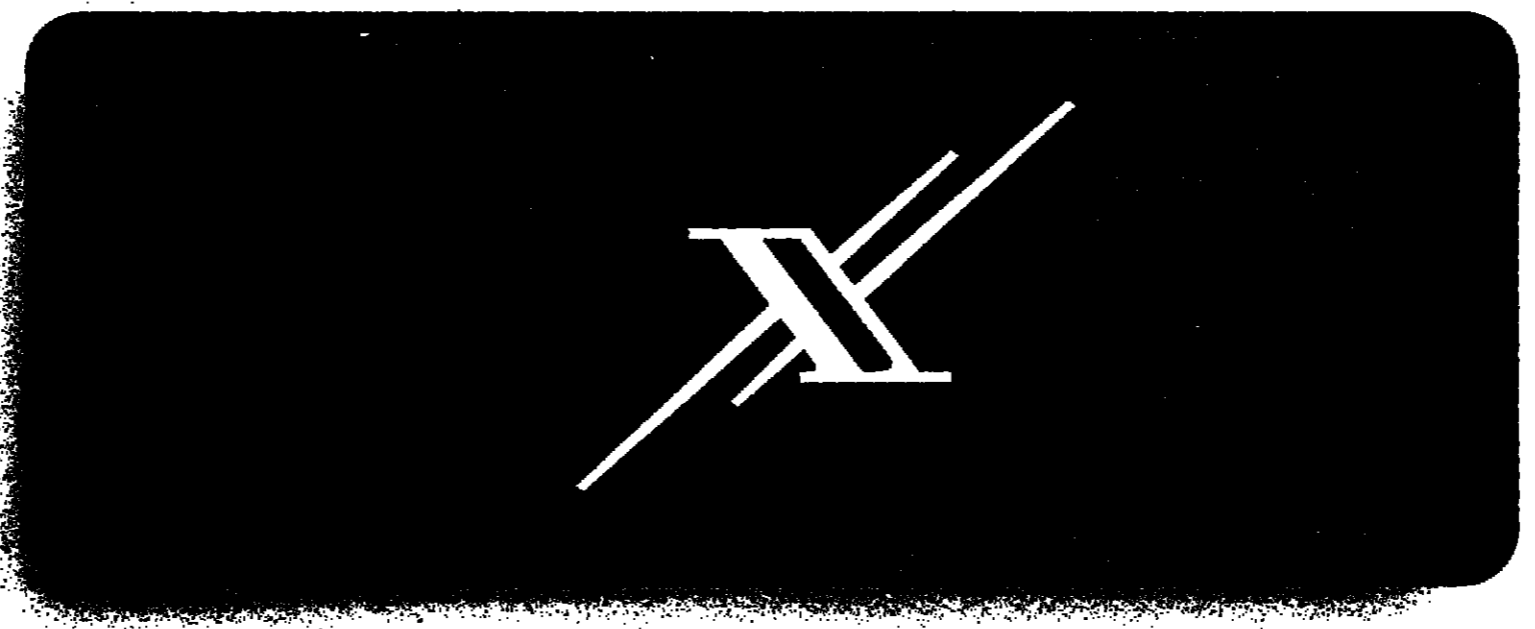
Every pair is not a couple.

Advertisement for GARANTI BANK, featuring text about being a correspondent bank in Turkey and providing contact information.

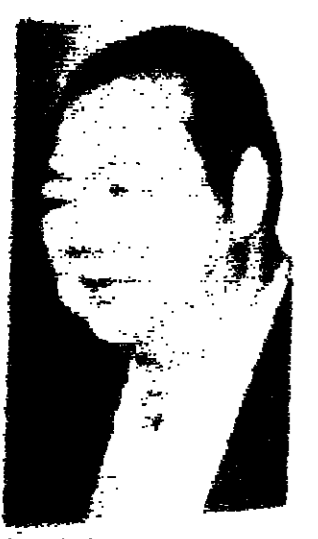


Seoul tries  
boost bou...

**Do you want to discover the name of the large banking group  
that is already preparing the Europe of tomorrow?**



gainst the w



**Qnetra**  
A:Telstra  
0800 856 000

NEWS: INTERNATIONAL

Rwanda refugees stream home

More than 100,000 Rwandan Hutu refugees ended two-and-a-half years of exile yesterday, streaming home on foot across the Tanzania border.

Israel under fire on settlements policy

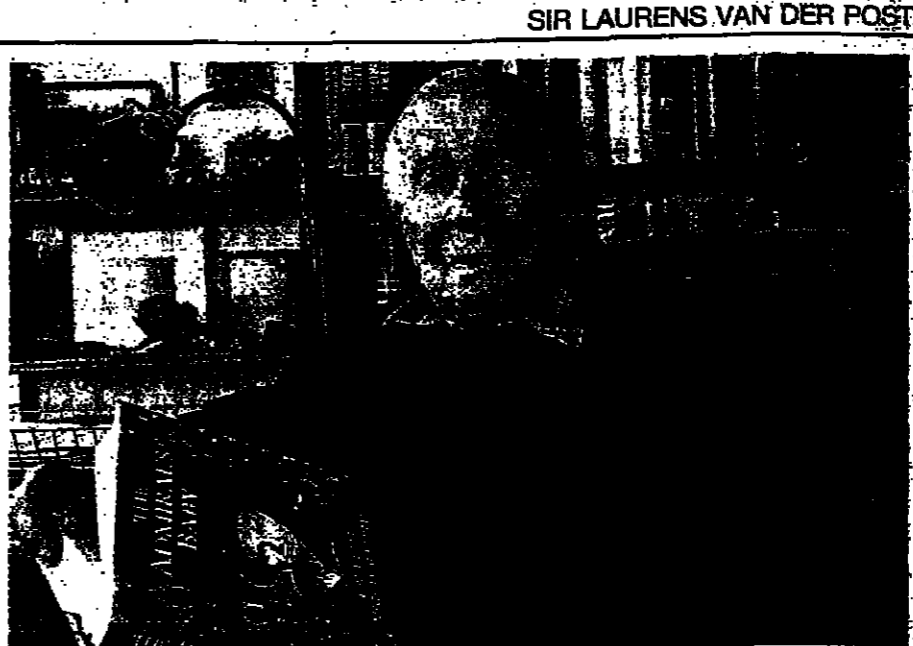
Three former US secretaries of state, Mr James Baker, Mr Lawrence Eagleburger and Mr Cyrus Vance, have attacked Israel's policy of expanding Jewish settlements in the West Bank.

The Clinton administration has taken a far less critical stance, repeating yesterday the settlement policy was "troubling".

The letter coincides with attempts by the US administration to renew talks on the long-delayed Israeli troop redeployment from the West Bank town of Hebron.

Writer with a range of skills

Sir Laurens van der Post, whose death was announced yesterday, was an internationally successful Afrikaner writer who made his life in Britain and also excelled as soldier, explorer, film-maker and unofficial diplomat.



Sir Laurens pictured in October with his autobiography, The Admiral's Baby

progress. After his release, he was sent by Lord Mountbatten to Indonesia. He then returned to Africa where, as a direct result of his book, Venture to the Interior, the eloquent and poetic record of an expedition he led in Nyasaland on behalf of the British government.

He was a friend of - and was believed to influence - Margaret Thatcher. More delicately, and even more discreetly, he was close to "the Palace", and in particular to the Prince of Wales (to whose son William he was godfather).

But in his later years his greatest attention was probably given to various "wilderness" and "green" movements.

Belgian power group becomes Almaty's bogeyman

When thousands of angry customers were recently left without heat and electricity in Almaty, the mountain-flanked capital of Kazakhstan, they knew exactly who to blame - Tractebel, the Belgian power company.

The company appeared to have struck a profitable deal in August when it paid \$5m for the assets of Almatyenergo, a monopoly that produces and distributes heat and electricity to about 15,000 enterprises and government institutions and 650,000 households in the capital and the surrounding province.

Tractebel had also counted on gas for its heating plants, but much of Uzbekistan cut off supplies because of Kazakh government debts. Fuel oil, the only alternative, proved even harder to get.

thought we didn't need to stock fuel oil. We had contracts after all. But the problem was not the contract but the physical delivery. Supplies from this refinery take three days, and the refinery is eight days away.

Then supplementary electricity supplies from outside the province also failed to arrive. "The whole Soviet power grid was well organised," Mr Bens said. "But if hell erupts, Russia and Kyrgyzstan cut off electricity because of outstanding debts, causing power plants in much of Kazakhstan to shut down frequently."

Tractebel also has put in \$55m, despite a guarantee that the company should be able to cover all costs in its tariffs and still make a 25 per cent profit.

Intel builds world's fastest computer

Intel, the leading maker of microprocessor chips, has built the world's fastest computer, capable of performing up to one trillion (1,000bn) calculations per second.

The "teraflop" computer is a landmark in terms of computer performance. It is almost three times faster than the previous record holder, a computer built in Japan by Hitachi. A teraflop is one trillion floating point operations per second, or a million million calculations each involving numbers with more than a dozen digits.

high performance is the way in which the microprocessors are tied together so that their computer power is additive.

US output boosted by end of GM strike

The overall increase was attributed to the ending of the GM strike, but there was also a strong gain in output among other manufacturers and a surge in production by gas and electricity companies in response to the exceptionally cold weather across the country.

Manufacturing production increased by 0.8 per cent and utility output 2.5 per cent from a month earlier. The manufacturing figure, the fastest monthly increase since June, suggests the pace of activity at the nation's factories has quickened towards the end of the year after a deceleration in the summer.

Output of consumer goods other than cars and car parts dropped slightly while non-durable goods production edged up, reflecting gains in foods, chemicals, paper and energy products. Business equipment production continued to show strong growth, especially computers, output of which has grown at an annual rate of over 20 per cent in the last six months.

The rate of utilisation of industrial capacity also picked up in November, reaching 83.3 per cent of total capacity. This was still well below the rates recorded earlier in the year, however, and was also comfortably below levels normally associated with inflationary bottlenecks.

Mexican banks warning

Mexico could face further social discontent and political instability if its embattled banking system undermines the country's fragile economic recovery, according to an Internal World Bank analysis to be discussed by its executive board today.

Any delay in resolving the banking crisis could raise significantly the costs to taxpayers, the report says. The fiscal costs of bank and debtor support could rise from around 10 per cent of national income on a net present value basis to around 15 per cent.

over the next two or three years, with the country remaining vulnerable to external shocks for a protracted period.

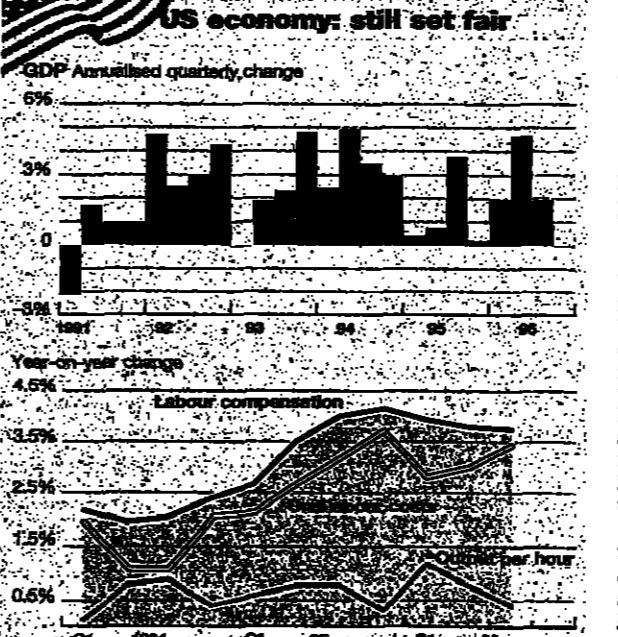
So far, so good for America Inc

When the members of the Federal Reserve's Open Markets Committee file into the US central bank's main boardroom this morning for their last meeting of 1996, they could be forgiven for succumbing to a bout of year-end self-congratulation.

Remarkably, after almost six years of growth, the US economy is still set fair. In spite of fears in the last few years that it would hit one snare or another, the economy remains on a near-perfect course between the Scylla of higher inflation and the Charybdis of recession.

cause an acceleration in inflation. Though the data suggest that wage costs have indeed been rising as the jobless total has fallen, they have not done so at a pace that has sent alarm signals to policy makers.

What we have so far is not a full fire drill," says Mr John Lipsky, chief economist at Salomon Brothers, the New York investment bank, "but there are certainly now clear whiffs of smoke in the air."



US economy: still set fair



Greenspan: forecasts needed

Handwritten text at the bottom of the page.

**Dexia, the European banking group born out of the merger of Crédit Local de France and Crédit Communal de Belgique.**

Dexia is the fruit of the pooling of the values, skills and financial means of two credit institutions:

- Crédit Local de France, a leading financial partner of local communities in France with a network of establishments in Europe and in the United States.
- Crédit Communal de Belgique, a leading bank in the local government sector, Belgium's leading retail bank and the majority shareholder of the Banque Internationale à Luxembourg.

**A European banking group with total assets of USD 200 billion.**

With USD 8 billion in equity and total assets of USD 200 billion, Dexia's financial health will enable it to enjoy rapid international expansion. The complementary nature of collecting deposits and refinancing on international markets ensures Dexia the financial means for its development.



**The European banking group, the leader in financing public services, has been born.**

**A solid group, involved with its partners.**

Quoted on the Paris and Brussels stock exchanges, Dexia will be announcing its results starting in 1996. For the first half of 1996, it has already posted a combined net profit of more than USD 340 million. Anxious to offer its shareholders the best investment, Dexia will pursue an active dividend policy.

**A group which finances the living environment with nearly USD 20 billion in new loans each year.**

Public transport, motorway infrastructure, facilities for education, health, telecommunication, environmental protection, power supply, home improvement - needs are considerable the world over. Dexia, specialized in financing community facilities and in financial services for public administrations, will be seeking to develop all branches of the banking profession in order to offer the best-adapted banking products and services to its clients throughout the world.







مكتبة جامعة القاهرة

... on export

our way



Sun Microsystems has been providing networking capabilities for the city beginning, we've been bundling networking capabilities into our products. With our products and services, from Java™ to 64-bit server systems and powerful management tools, we offer a breadth of solutions to meet any enterprise computing need. We help you get the information you need, when you need it, and help you get the information you need to be successful. Sun Microsystems is not just in the lead, but also get ahead. For more information, visit us at [www.sun.com](http://www.sun.com). **THE NETWORK IS THE COMPUTER™**



## NEWS: UK

Market intends to remain independent and become European centre of energy trading

## Petroleum exchange scorns Liffe merger

By Simon Hoberton in London

The International Petroleum Exchange has rebuffed suggestions that it might merge with the London International Financial Futures Exchange. It plans to remain independent and become the centre of energy trading in Europe.

Liffe is the one of the world's top five futures exchanges. It took over the London Commodity Exchange in September. The IPE was surprised when Mr Jack Wigglesworth, chairman of Liffe, said

recently that the IPE was a potential takeover target for Liffe.

A meeting last week of the IPE's board determined that it was the "clear and strong view" of the membership that the IPE remain independent, said Mr Lynton Jones, the IPE's chief executive.

"The group thought that this would put an end to speculation about Liffe 'taking over' the IPE, speculation which has been unwelcome to Liffe as it has to the IPE," he said. The board had also decided that the exchange should position itself as the leading exchange spe-

cialising in the trading of energy contracts.

The exchange's business is dominated by Brent crude oil and gas oil trading. At the end of next month it will introduce a futures contract for gas.

It hopes to expand gas trading opportunities towards the end of next year with a Buckton contract which it hopes will develop into a European gas futures contract. The gas interconnector with mainland Europe comes ashore at Buckton in north-east England.

Mr Jones said the exchange

hoped to develop a product range to take advantage of the coming deregulation of European energy markets.

It would also look at developing its core areas, such as futures and options contracts for petrol and heavy crude oil. Mr Jones said that, with the deregulation of the electricity supply in 1998, there might be opportunities for the IPE to introduce financial instruments for the trading of electricity.

As part of a strategic reappraisal the IPE will create a group, drawn from those among the energy

industry which use the market, to advise the exchange on the sector's developments and future product needs.

It also decided to expand screen-based trading, to extend trading hours and resolved that new contracts would be traded electronically rather than on the floor of the exchange.

The IPE, which has a membership of 45, has an annual turnover of about \$38.7bn; Brent crude oil contracts amount to \$236.9bn.

Market Report, Page 26

## UK NEWS DIGEST

## Murdoch TV row deepens

The Cable Communications Association may challenge in court yesterday's Office of Fair Trading decision to approve a new pricing structure for the industry. The OFT enraged cable operators by accepting a new rate card proposed by British Sky Broadcasting, the satellite television venture in which Mr Rupert Murdoch's media conglomerate has the biggest stake.

The rate card controls what BSkyB is able to charge the cable companies for its television channels and thus affects what cable operators charge their customers. The cable industry is also considering complaining to the European Commission because of what it sees as anti-competitive behaviour by BSkyB. The increasingly bitter row between BSkyB and the cable companies which are, in effect, retailers of its services to households without satellite dishes, stems from BSkyB's terms of trade.

Earlier this year, the OFT cleared BSkyB of abusing its market dominance but sought a series of informal undertakings and asked BSkyB to produce a new ratecard. The BSkyB share price rose by 15 pence yesterday to 489.4 pence in London yesterday.

Raymond Snoddy

## CABLE BROADCASTERS

## BBC in talks on new channels

The BBC, the public service broadcasting organisation, is in talks with the cable industry on the possibility of offering eight new television channels to cable operators on an exclusive basis.

The channels are being planned as part of a joint venture with Flextech, the cable and satellite programme company controlled by TCI, the largest cable operator in the US.

A deal with Flextech and a related agreement with Discovery, the documentary channel in which TCI has a 49 per cent stake, are on course to be completed by the turn of the year. BBC executives say that negotiations are going well.

The BBC has also been exploring a possible deal with British Sky Broadcasting. BSkyB has a particular desire to attract the BBC channels as part of its strategy to launch up to 200 channels of digital satellite television in the UK before the end of next year.

Raymond Snoddy

## ARREST WARRANT

## Barred executive avoids court

A warrant has been issued for the arrest of Mr Roger Levitt, the former life insurance executive convicted of fraud, who has been living in New York for the past few months while under investigation by the British government's Department of Trade and Industry.

Mr Levitt, who has been disqualified from acting as a director, failed to appear in a London court yesterday to answer charges of being a "shadow director" of a boxing company.

The court agreed to a request from a government lawyer for a warrant without bail. This allows Mr Levitt to be taken into custody immediately, if apprehended.

In 1993 Mr Levitt was disqualified from acting as a director for seven years after his insurance company, Levitt Group, collapsed in 1990 with debts of £38m. His sentence to 180 hours of community service in connection with the fraud sparked outrage in the City of London, particularly when Mr Levitt was photographed sipping champagne to celebrate the sentence.

A DTI spokesman last night said it is unclear whether Mr Levitt could be extradited to Britain in connection with the charges.

Norma Cohen

## AIR DEFENCE

## 'Virtual reality' bomber study

The defence ministry is to launch a \$36m (\$57.4m) study into the replacement for the Royal Air Force's Tornado bombers, which are due to leave service in 2015. One option to be examined by the ministry is a pilotless aircraft, which would be "flown" with a virtual reality cockpit by pilots from command aircraft in airspace safe from enemy missiles.

The pilotless aircraft could be much lighter without the crew's life-support system and would also be more manoeuvrable, as the limits of the human body, rather than aircraft design, constrain the performance of modern fighters.

Bernard Gray

## CULTURE

## Sector employs nearly 500,000

The UK cultural sector employs nearly 500,000 people - or twice as many as vehicle manufacturing, says the Policy Studies Institute. Consumer expenditure on the sector in 1995/96 totalled £25bn (\$32.2bn) or 5 per cent of average family expenditure.

Within that "high culture" - or the part of the market which appears to need subsidy to survive - accounted for £2.25bn, employing some 125,000 people, collecting on the way £1.7bn of support from government, municipal authorities, business, charities and volunteers.

In that year, there were as many visitors to museums, galleries and historic properties as there were to the cinema - while London theatres attracted audiences at least as large as those won by Premier League soccer clubs over the season.

Nicholas Timmins

## NORTHERN IRELAND

## Explosives found near border

Security forces in Northern Ireland have found explosives in a vehicle abandoned in a field near Roslea, a small town close to the border with the Republic of Ireland, police said yesterday. The vehicle also contained booster tubes, into which explosives are packed before being detonated.

## OECD urges cut in state borrowing

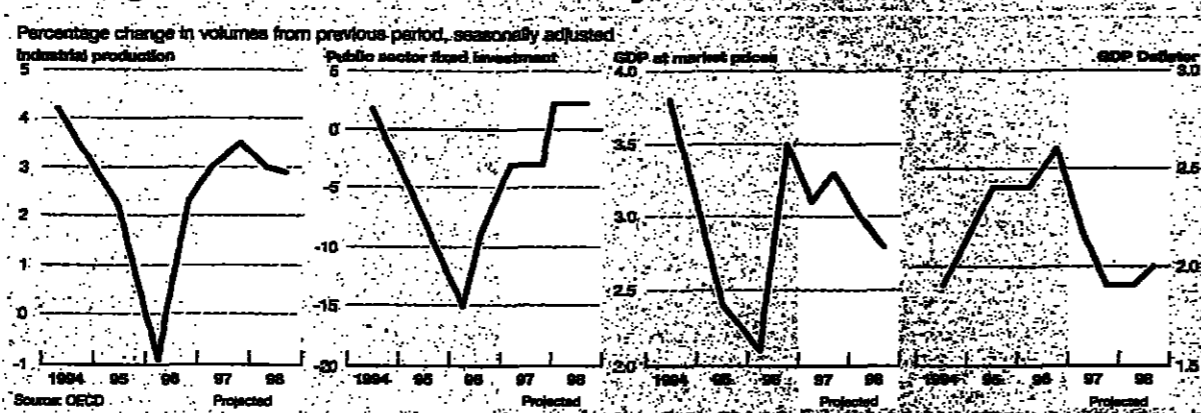
By Graham Bowley, Economics Staff

The UK is set to enjoy its best period of sustained growth and low inflation for 30 years, the Organisation for Economic Co-operation and Development says in its latest report on the country. But it calls for "significant further progress" to cut borrowing if the government is to achieve its target of bringing the public-sector borrowing requirement into balance in the coming years.

The organisation, which acts as a free-market think-tank for industrialised nations, says that GDP growth is set to strengthen next year, helped by stronger consumer spending and a pick-up in investment.

The OECD predicts GDP growth of 3.3 per cent in 1997 and 3 per cent in 1998. This would be faster than in the US, Japan, Germany, France and Italy. The report says only Canada among the Group of Seven - consisting of the world's leading industrialised nations - is forecast to achieve faster growth.

## GDP to grow faster than in US and Germany



UK unemployment is forecast to fall to below 7 per cent of the labour force in 1998 - its lowest level in eight years.

But this would not be low enough to fuel wage pressures since it would still be above its long-term structural rate, which the OECD predicts will decline to 6.5 per cent.

The OECD takes a rosy view of monetary conditions, predicting that price pres-

ures are likely to remain under control and that inflation will be below 2.5 per cent, the upper limit of the government's target range, in each of the next two years.

It says wage growth has been "remarkably low" and that productivity growth is "healthy".

"To date these are the most tangible signs of the positive benefits of past and ongoing microeconomic

reforms and a stable macro-economic policy framework," the report says.

The good inflation performance can be achieved, according to the OECD, with only a small rise in base rates in the second half of next year "to lock in low inflation levels".

It predicts that short-term interest rates will rise to about 6.25 per cent in the second half of 1997 and remain there through 1998.

But while private-sector investment will gather pace as the economy strengthens, the OECD predicts that public-sector investment will fall sharply.

Only some of this decline will be offset by private-sector investment administered under the private finance initiative.

It predicts public investment will fall by 4.6 per cent next year following a 13.6 per cent decline this year.

## Premier says nation's EU status may change

By Robert Peston and George Parker

Mr John Major, the prime minister, conceded yesterday that the UK's relationship with the European Union was likely to change fundamentally next year if the Conservatives were re-elected in the general election.

Reporting to the House of Commons on the EU summit in Dublin, Mr Major said that choices to be made next June on a revised EU treaty "will determine not only the success and stability of Europe as a whole, but Britain's relationship with it".

This was seized on by Eurosceptic backbenchers in his party as a sign that Mr Major would be prepared to contemplate leaving the EU if it moved towards federalism. However, close colleagues of the prime minister said this was the wrong interpretation. Instead, Mr

Major was signalling that he no longer opposes in principle the notion that the UK should withdraw to the fringe of Europe's future development. He was giving his blessing to the creation of a new flexible structure for the EU, which would allow other members to move further down the road to political integration.

"We cannot be permanently cast in the role of kicking against the aspirations of other members for closer links," said a senior member of the government. Mr Major believes he initiated the debate on the need for "flexibility" in the EU's future development with a speech made two years ago. The concept has recently been sponsored by the French and German governments.

He made clear yesterday that the UK would retain its veto over any specific initiatives by other countries to move closer together. The

aim would be to preserve the benefits the UK now receives from EU membership. "There is no way we are going to move the clock back so that our only interest was in free trade," said an influential minister.

Mr Major's statement came when EU issues once again dominated the battle between the British political parties. Mr Douglas Hogg, agriculture minister, bowed to pressure from farmers and Northern Ireland MPs and ordered the selective cull of about 100,000 extra cattle in an attempt to persuade the EU to lift its ban on British beef exports.

Mr Hogg said the cull would cost around £150m (\$245m) and could be completed within six months. He hopes it may lead to an eventual lifting of the ban on exports from herds certified as being free of BSE, or "mad cow disease". Many of the herds are in Northern Ireland.

## Veto threatened over fish quotas

By George Parker, Political Correspondent

The government yesterday set out proposals for fundamental changes to the European Union's Common Fisheries Policy in an attempt to defuse fierce criticism from Northern Ireland MPs and Eurosceptics in the governing Conservative party.

Mr Tony Baldry, fisheries minister, said Britain would press for an end to the so-called "Hague Preference" agreement under which Northern Ireland fishermen have recently lost fish quotas to their counterparts in the Republic of Ireland.

He insisted that Britain would veto any deal at the EU's intergovernmental conference until the practice of "quota hopping" - whereby about 150 Spanish and Dutch boats operate against British quotas - is stamped out.

Mr Baldry, opening the annual House of Commons

fisheries debate, also called for a decentralisation of the CFP so that quotas could be decided at a local level by regional fisheries committees.

"The CFP is over-bureaucratic, it has failed to protect fish stocks sustainably, it is open to abuse and - above all - it is not fair to British fishermen," he said.

Mr Baldry's main concern in last night's debate was to reassure MPs in the Ulster Unionist party, the largest anti-nationalist party in Northern Ireland, that he was tackling the concerns of their local fishing industry. He announced an international quota swap which would primarily benefit the Northern Ireland industry.

Despite the prevailing air of gloom hanging over the British fishing industry, Mr Baldry said there were signs that the fortunes of the national fleet were improving.

## Channel tunnel revenues at half normal level

By Charles Batchelor, Transport Correspondent

Passenger trains through the Channel tunnel between England and France have been running at well below capacity, but Eurotunnel and Eurostar say they are pleased with levels of business since services resumed after the recent fire. Eurotunnel is the tunnel operator and Eurostar runs the passenger trains.

Eurotunnel has insurance cover of £550m (\$900m) for

material damage and loss of revenues. With the level of services bringing in just over half the normal monthly revenues of £45m, the company believes it could maintain its present level of traffic for many months.

Eurotunnel's insurers are already making payments to the company under this policy, the company said. Its own direct exposure is limited to a £7m "excess".

The company estimates that repairs to the tunnel

will cost £50m at most, while replacement of the freight shuttle damaged in the fire will cost £10m to £15m. Claims to cover damaged trucks and their contents may cost £5m, compared with the £150m third party cover taken out by the company. Part of these claims may be passed on to the insurer of the owner of the truck where the fire started.

After initial problems in re-allocating bookings to its modified timetable, Eurostar has been taking between

13,000 and 15,000 telephone bookings a day for journeys in January and February. It has carried between 55,000 and 60,000 passengers in total since resuming services 10 days ago.

Eurostar has been given priority for its trains by Eurotunnel and is running 90 per cent of normal services. It hopes to add two extra trains on Fridays from the end of January to cope with weekend peaks.

Eurotunnel said it had been carrying about 3,000

cars with accompanying passengers on trains every day since it restarted its car shuttle service last Tuesday. It is running three trains every two hours and, after averaging out the busy daytime shuttles and the quieter night time service, it estimates trains are half full.

The circumstances of the fire aboard a freight shuttle on November 18 have focused attention on shuttle design although, unlike their freight equivalents, the passenger shuttles are enclosed.

A DELIVERY MAN



The MALT



The MACALLAN

IS NO ORDINARY STOCKING FILLER BUT

THE VERY EMBODIMENT OF CHRISTMAS

CHEER, SO FOR ADDED SEASONAL GLOW

AND EXTRA YO-HO-HO GIFT-WRAP A

BOTTLE OF The MALT

مكتبة العربي



TECHNOLOGY

As telecommunications monopolies crumble around the world, policymakers are keen to encourage competition not just in long-distance services but also in the more difficult area of local networks.

Recent developments in technology could rewrite the competition rules by allowing new operators to install fixed wireless links that can reach users more cheaply and quickly than conventional wireline connections.

The local loop - the copper wires that link homes and offices to their exchange - has traditionally been one of the most expensive, least profitable portions of the telecommunications network.

In rural areas, lines can cost 15 to 30 times as much to install as in cities.

The US, which has had competing long-distance providers for more than a decade, this year decided to open the local loop to competition by ending the local monopolies of the seven "Baby Bells".

Traditional copper wires cannot easily carry the advanced services that telephone companies want to offer, although researchers have discovered ways to increase the data-carrying capacity.

Optical fibre is ideal for broadband services but is too expensive to stretch to every home and office.

Coaxial cable is a more realistic local loop option. It has greater capacity than copper and extensive coaxial networks exist in countries with cable television.

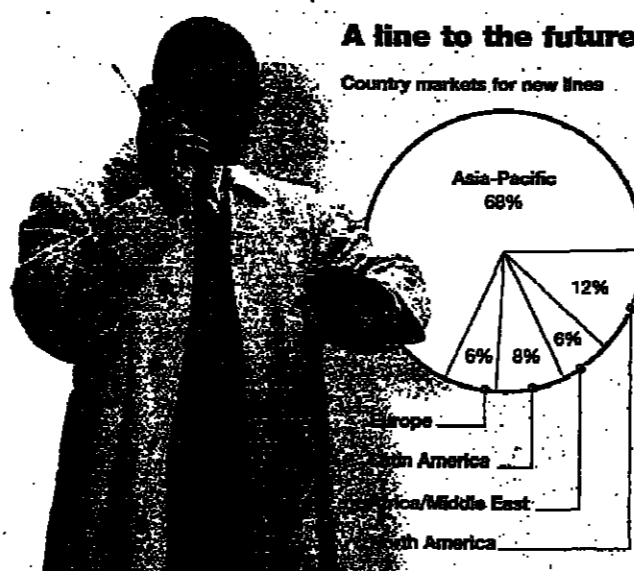
It is technically simple to upgrade these cables to carry telephone calls, although TCI Communications, a leading US cable TV company, estimates that it would cost more than \$200 (£125) a home to do so.

Investors have recently turned against the cable TV companies and their ambitious plans to compete with the Baby Bells in local telephone services.

WLL technology was once basic, with poor voice quality, but today's systems can provide services that are indistinguishable from or better than those of the incumbent wireline operator.

Atlantic Telecom is a small UK company that is building a WLL network for 750,000 potential users in the Strathclyde area of Scotland by the end of next year.

A limited service was launched in October and Graham Duncan, the chairman, believes the company can compete with British Telecommunications, the dominant operator, by being "feature-



A line to the future

Country markets for new lines

Wireless local loop market value (\$m)

Another wave

Radio advances are helping small companies compete in local network telecoms, says Geoff Nairn

rich and innovative". Each customer gets two telephone lines as standard. Other benefits include voice mail, portable numbers, local-rate calls within Scotland and, next year, high-speed ISDN access to appeal particularly to Internet users.

Atlantic Telecom was once a cable TV operator but has decided WLL is a more cost-effective method of entering the telecommunications market. "Unlike cable you do not need to

based on digital cordless technology, but it is also developing a more advanced technology, called Broadband Code Division Multiple Access (B-CDMA), with US company InterDigital.

This offers better speech quality and higher data transmission rates, but is 30 per cent more expensive than established technologies, says Maher.

"The beautiful thing about B-CDMA is that it can handle raw data better," says Mark Lemmo, InterDigital's marketing vice-president. B-CDMA uses its radio bandwidth more efficiently, he says, and is better suited to dense urban areas than earlier WLL systems.

B-CDMA allocates bandwidth more efficiently than is the case with earlier wireless systems, so it can handle a range of traffic with different bandwidth requirements, from simple phone calls to high-speed Internet access.

"There is rapidly growing interest in accessing the Internet using wireless," says Lemmo. InterDigital hopes to demonstrate its technology early next year.

The US companies Lucent, Millicom and Qualcomm are working on competing systems and WLL has become a hot-sector with investors. But analysts are cautious about these newer technologies.

"Can these companies deliver working systems? That is the crucial issue for telephone companies that want to place orders," says Ovum's May.

pass people who do not want the service," says Duncan, who says it costs the company just £35 to connect each user.

WLL also appeals to established telephone companies that must expand their networks to meet government targets. South Africa is planning to install 1m new telephone lines in the next three years in once-neglected areas such as Soweto.

More than 50 per cent could be realised with WLL, according to Tony Maher, head of access networks for Siemens, the German telecoms equipment maker.

Siemens is bidding for this contract with a no-frills WLL system

Wireless local loop technology was once basic but can now provide high quality services

Wireless local loop technology was once basic but can now provide high quality services

Wireless local loop technology was once basic but can now provide high quality services

Wireless local loop technology was once basic but can now provide high quality services

Wireless local loop technology was once basic but can now provide high quality services

Andrew Baxter on an engineer who has helped to improve the quality of cellular networks

Business built on phone frustration

Victor Klam will forever be remembered as the man who liked the product so much, he bought the company. Others become so irritated by a product's performance problems that they build businesses around making them easier to use.

Nick Randall, for example, was an enthusiastic early user of cellular mobile phones. But he found the experience of poor reception and call "drop-outs" - calls cutting out when transferring between adjacent cells - frustrating.

Randall, an engineer and former senior executive in the medical manufacturing sector, was in a better position than most to do something about it.

In 1988 he had bought Aylesbury-based Airtech, which produces mobile phones for the Royal Navy. These allow simultaneous radio transmission over a wide range of UHF channels using a single antenna.

Randall believed the expertise necessary to build multicouplers - the ability to filter and combine radio frequency (RF) signals - could be developed commercially. From 1989 to 1993 the company concentrated on products and RF subsystems for private mobile radio (PMR) networks, the sort used by police and emergency services.

"This was growing nice and steadily, and we were quite profitable," says Randall, "but we wanted to make the next step, into the cellular market."

He created a special team from Airtech's engineers to look at how the company's technology could improve the performance of cellular networks.

The result was the masthead amplifier (MEA). Many base stations suffer from "link imbalance" - they can transmit a strong, clear signal further than they can receive weaker signals returning from the mobiles.

But an MEA, comprising a particularly sensitive filter and a low noise amplifier which select and boost the received signal, can act as a "hearing aid" for the

base station. Installed immediately underneath the antenna, the MEA eliminates link imbalance and extends the reception area coverage.

For the user, the result is improved reception quality and a reduced number of call drop-outs. The service provider gets improved coverage from its existing network, says Randall, or can plan a new network with fewer base stations, reducing infrastructure costs.

Airtech developed a prototype MEA in 1994, and in the same year began a successful trial of the product with the Orange network in the UK.

This was a huge help for Airtech, says Randall: Orange was the first to use the high-frequency 1.9GHz to 1.95GHz range for networks known as

subscribers is expected to soar from about 130m worldwide today to 300m by 2000, and MEAs are a cost-effective way to improve coverage, says Randall. On average, six MEAs are sold per base station - one for each antenna - and the whole package with accessories costs £5,000 to £5,000.

At Aylesbury, Airtech is producing 600 MEAs a week, compared with 1,000 for all last year. Total sales this year are likely to be at least £7.5m, including £5.5m to £6m from MEAs and related equipment, and could reach £17.5m next year.

The surge in sales has created challenges for Randall and his team. Developing the market - by selling to the OEMs (original equipment manufacturers) and marketing the idea to the service providers - has gone better than Randall expected.

"There are only 10 main OEM customers worldwide," says Randall, "and we were able to build on the relationships we had developed in PMR."

Ramping up production, however, was more difficult. In some areas, such as the tuning and final testing of MEAs, the necessary skills were underestimated.

The investment in MEA pushed Airtech into the red in 1994 and 1995, and this year it expects a further loss of about £500,000, before the costs of this autumn's £10m placing on London's Alternative Investment Market.

But if sales do rise sharply next year, as projected, Airtech will be back in the black, and annual turnover of £100m by the end of the decade is not unreasonable, says Howard Barrow, financial director.

Long before then, Airtech's family of MEA products will have been broadened. Lanchow a range of MEAs compatible with existing GSM networks is imminent, while next year should see the arrival of MEA boosters, which amplify the transmitted signal as well as the incoming one.

Cellular phone subscribers are expected to soar from 130m to 300m by 2000

PCN or PCS (personal communication networks or services)

These networks have more bandwidth than the older generation, lower frequency (900MHz to 900MHz) GSM cellular networks, but the signal cannot travel so far - potentially increasing the number of base stations required.

Airtech won its first orders early last year from manufacturers and PCN/PCS service providers in the UK and mainland Europe, and earlier this year established a subsidiary in the US to exploit a market that is predicted to expand rapidly following the recent award of PCS licences.

Airtech is not the only MEA producer - others include Ericsson, Allgon and Forem - but Randall says "we like to feel we were the first to do this".

In any case, there looks to be plenty of work to go round. The number of cellular phone

BUSINESS OPPORTUNITIES

READERS ARE RECOMMENDED TO SEEK APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

Clare Bellwood 0171 873 3234

Fax 0171 873 3064

Melanie Miles 0171 873 3308

PRIVATISATION: SHIPYARDS

Major export-oriented shipbuilders and repairers on the River Danube and Black Sea coast are now up for sale. For details, fax: +359 2 981 6201, quoting reference FT026.



PATENT FOR GERMANY/possibly for EUROPE Automatic plastic stopper for bottles and tubes for sale IN DEMAND A HUNDRED MILLION TIMES OVER Interested? Enquiries to: WOLFF - International Sales & Distribution Agency Moltkestrasse 6, 33330 Gütersloh, Germany Tel: +49-5241/12469 - Fax: 26811

MANAGING DIRECTOR SOUGHT Managing director required for early stage growth business within the corporate and institutional furniture market. Candidates need to be able to demonstrate success in developing a small business into a sizeable one within the above market or one related thereto. A market location is intended. Tallman Ventures 24/26 Rialto Street West, London EC2V 0JL, UK. Fax: 0171 281 2808

OFFSHORE COMPANIES TRUSTS 2ND PASSPORTS For further and complete service contact: Pinyan Zia, Director INTERNATIONAL COMPANY SERVICES (UK) LIMITED Standbrook House, 2-3 Old Bond St., London, W1T 3TB, UK. Tel: +44 171 493 4244 Fax: +44 171 491 0605 E-Mail: uk-info@icsl.com http://www.icsl.com

Discounter Opportunities Children's Wildlife Magazine £125,000 Improved Floral Mirrors £175,000 Language and Training School £220,000 Beauty Oxygens £15,000 Health Deodorant £81,500 Photo & Photo Frames £20,000 On-line Cash Dispenser £10,000 Car Wash £100,000 Internet Marketing £150,000 Truck Barter PC Training £100,000 Freelance Telephone Services £25,000 Small Housing Developments £250,000 Water Services Plus £1m Full details in monthly report Free to request £1000 per annum. Tel: 0171 281 2808

CHANNEL ISLANDS Full Offshore Incorporation & Administration. Trust Establishment, Payroll Systems / Banking Facilities for Ex-Patriates. For details & appointment write: Croy Trust Limited, 2nd Floor, 34 David Place, St Helier, Jersey JE2 4TE. Tel: 01534 878774 Fax: 01534 35401 E-Mail: croytrust@btinternet.com

CATERING SUPPLIES COMPANY REQUIRED (EQUIPMENT OR FOOD SUPPLIERS TO THE CATERING INDUSTRY) Repertoire: See 8979, Financial Times, One Southwark Bridge, London SE1 9PL

STOCKBROKING BUSINESS WANTED London based financial services company seeks to acquire small/medium regional stockbroking businesses. Contact: Colin Grant, Managing Director, Alexander Mark & Co., Watsons House, 54 Baker Street, London W1M 1DJ. Tel: 0171 938 9999 Fax: 0171 935 2278

FOOD MANUFACTURE, PROCESSING OR DISTRIBUTION COMPANY REQUIRED WITH TURNOVER IN EXCESS OF £10 MILLION. For details see 8947, Financial Times, One Southwark Bridge, London SE1 9PL

PR OR ADVERTISING AGENCY Long established London-based PR consultants plan to acquire a specialist PR or advertising agency. Confidential discussions guaranteed. Contact: Brian Corbridge Taylor Alden Ltd Tel: 0181 543 3868 Fax: 0181 540 1392

CASH LOANS Available immediately against Real Estate, Jewellery, Paintings, Cars, Antiques. Opportunities considered. Short term loans - No credit checks. Cheques cashed to any payee. Mortgage Finance - 0171 491 4451. Confidentiality Guaranteed. WE HAVE CASH FROM AVAILABLE THAN THE AVERAGE HIGH STREET BANK.

PROJECT AND COMMERCIAL funding available to UK and international clients. Anglo American Group Plc. Tel: 01924 201 365 Fax: 01924 201 377

TELECOMMUNICATIONS Digital Switching/Fiber Optic Lines. AT&T and Other Networks. Use from Home, Office, Hotels, Cell Phones. 24 Hour Customer Service. Call now for New Low Rates! Tel: 1.206.284.8600 Fax: 1.206.270.0009 Lines open 24 hours! The Original kallback

SAVE ON INTERNATIONAL PHONE CALLS. AT&T and Other Networks. Use from Home, Office, Hotels, Cell Phones. 24 Hour Customer Service. Call now for New Low Rates! Tel: 1.206.284.8600 Fax: 1.206.270.0009 Lines open 24 hours! The Original kallback

TELECOMMUNICATIONS Digital Switching/Fiber Optic Lines. AT&T and Other Networks. Use from Home, Office, Hotels, Cell Phones. 24 Hour Customer Service. Call now for New Low Rates! Tel: 1.206.284.8600 Fax: 1.206.270.0009 Lines open 24 hours! The Original kallback

TELECOMMUNICATIONS Digital Switching/Fiber Optic Lines. AT&T and Other Networks. Use from Home, Office, Hotels, Cell Phones. 24 Hour Customer Service. Call now for New Low Rates! Tel: 1.206.284.8600 Fax: 1.206.270.0009 Lines open 24 hours! The Original kallback

TELECOMMUNICATIONS Digital Switching/Fiber Optic Lines. AT&T and Other Networks. Use from Home, Office, Hotels, Cell Phones. 24 Hour Customer Service. Call now for New Low Rates! Tel: 1.206.284.8600 Fax: 1.206.270.0009 Lines open 24 hours! The Original kallback

TELECOMMUNICATIONS Digital Switching/Fiber Optic Lines. AT&T and Other Networks. Use from Home, Office, Hotels, Cell Phones. 24 Hour Customer Service. Call now for New Low Rates! Tel: 1.206.284.8600 Fax: 1.206.270.0009 Lines open 24 hours! The Original kallback

TELECOMMUNICATIONS Digital Switching/Fiber Optic Lines. AT&T and Other Networks. Use from Home, Office, Hotels, Cell Phones. 24 Hour Customer Service. Call now for New Low Rates! Tel: 1.206.284.8600 Fax: 1.206.270.0009 Lines open 24 hours! The Original kallback

LEGAL NOTICES

THE KOREA CHINA SUPER FUND LIMITED (ON VOLUNTARY LIQUIDATION) NOTICE IS HEREBY GIVEN THAT 1. THAT at an Extraordinary General Meeting of the above named company, duly convened, and held on Friday 6, December 1996, the following Resolutions were duly adopted: AS A SPECIAL RESOLUTION THAT the company be wound up voluntarily; AS AN ORDINARY RESOLUTION THAT Messrs G.J. Cleaver and N.C. Boddan of Enns & Young, Cayman Islands, be and are hereby appointed as Joint Liquidators to the company; AND NOTICE IS FURTHER GIVEN THAT the creditors of the Company are required to submit claims to the Liquidators in the first business day after the date of the meeting of the creditors; 2. THAT the creditors of the Company are required to submit claims to the Liquidators in the first business day after the date of the meeting of the creditors; 3. THAT pursuant to Section 144 of the Companies Law the Final Extraordinary General Meeting of the Company shall be held on January 27th, 1997 at 10.00 am at the offices of Enns & Young, One Capital Place, St. John's, Grand Cayman, Cayman Islands for the purpose of receiving from the Liquidator an account of the winding up of the Company and any explanation thereof. G.J. Cleaver and N.C. Boddan, Joint Liquidators. Dated this 10th day of December, 1996.

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION COMPANIES COURT IN THE MATTER OF FIRST CALL GROUP PLC and IN THE MATTER OF THE COMPANIES ACT 1985 NOTICE IS HEREBY GIVEN THAT a Petition was on 6 December 1996 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the Company from £21,999,999.54 to £2,320,395.55. AND NOTICE IS FURTHER GIVEN THAT the said Petition is directed to be heard before the Registrar of the Companies Court at the Royal Courts of Justice, Strand, London WC2A 2LL, on 22 January 1997. ANY creditor or shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of hearing in person or by Counsel for that purpose. A copy of the said Petition will be furnished to any such person applying for the same by the Registrar of the Companies Court on payment of the regulated charge for the same. Solicitors: 22, Ryder Street London EC4A 3DF Tel: 0171 363 7777 Fax: 0171 363 8211 Ref: REC361467499

STANFORTH STEELS LIMITED (AS AMENDED) RECEIVED petition 11/11/92. Notice of appointment of Joint Administrators. 6 December 1996. Name of Applicant: National Westminster Bank Plc. DAVID JOHN STANFORTH and DAVID JAMES WATSON. Joint Administrators. Notice is hereby given that the said Bank has been appointed as Joint Administrators of Stanforth Steels Limited, of 1 East Parade, Sheffield S1 2ET.

INSURANCE COMPANIES ACT 1982 (AS AMENDED) WESLEYAN ASSURANCE SOCIETY TRANSFER OF GENERAL BUSINESS NOTICE IS HEREBY GIVEN that Wesleyan Assurance Society applied to the Secretary of State for Trade and Industry on 2nd December 1996 for his approval pursuant to Section 94 and Schedule 2C Part II of the Insurance Companies Act 1982 to transfer to General Accident Fire and Life Assurance Corporation PLC all of its rights and obligations under general business policies written by it in the United Kingdom prior to 1 August 1994. Copies of the Statement of Particulars of the proposed transfer are available for inspection at Colindale Circus, Birmingham B4 6AR Monday to Friday between 9.30 am to 5.00 pm until 31st January 1997. Which representations concerning the transfer may be made to the Secretary of State for Trade and Industry, Department of Trade and Industry, Insurance Directorate, 1st Floor, 100 Strand, London, SW1N 0ET before 26th February 1997. The Secretary of State will not determine the application until after considering any representations made to him before that date.

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION COMPANIES COURT IN THE MATTER OF BLENHEIM EXHIBITIONS AND CONFERENCE CENTRES LIMITED and IN THE MATTER OF THE COMPANIES ACT 1985 NOTICE IS HEREBY GIVEN THAT the Order of the High Court of Justice, Chancery Division, dated 27th November 1996 confirming the reduction of Share Premium Account of the above company by £1,761,338 was registered by the Registrar of Companies on 29th November 1996. DATED the 13th December 1996. Shareholder and May 23 Doughty Street London EC2V 5DB Ref: RL1 Solicitors for the above named company.

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION COMPANIES COURT IN THE MATTER OF THE COMPANIES ACT 1985 NOTICE IS HEREBY GIVEN THAT the Order of the High Court of Justice, Chancery Division, dated 27th November 1996 confirming the reduction of Share Premium Account of the above company by £1,761,338 was registered by the Registrar of Companies on 29th November 1996. DATED the 13th December 1996. Shareholder and May 23 Doughty Street London EC2V 5DB Ref: RL1 Solicitors for the above named company.

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION COMPANIES COURT IN THE MATTER OF THE COMPANIES ACT 1985 NOTICE IS HEREBY GIVEN THAT the Order of the High Court of Justice, Chancery Division, dated 27th November 1996 confirming the reduction of Share Premium Account of the above company by £1,761,338 was registered by the Registrar of Companies on 29th November 1996. DATED the 13th December 1996. Shareholder and May 23 Doughty Street London EC2V 5DB Ref: RL1 Solicitors for the above named company.

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION COMPANIES COURT IN THE MATTER OF THE COMPANIES ACT 1985 NOTICE IS HEREBY GIVEN THAT the Order of the High Court of Justice, Chancery Division, dated 27th November 1996 confirming the reduction of Share Premium Account of the above company by £1,761,338 was registered by the Registrar of Companies on 29th November 1996. DATED the 13th December 1996. Shareholder and May 23 Doughty Street London EC2V 5DB Ref: RL1 Solicitors for the above named company.

GREGORY MICHAELS & CO LICENSED INSOLVENCY PRACTITIONERS WET CONCRETE BATCHING PLANT MANUFACTURERS CRUSAIDER MACHINERY LIMITED - In Liquidation. By order of the Liquidator: name of business and name of Crusaider Machinery Limited, a manufacturer of wet concrete batching plants. Practical Business methods: • Old Batching Plant • Spares • Stocks • Intellectual Property rights. For further information please contact: EAF Partnership Incorporated. Valuers & Auctioneers Tel: 0181 903 9796 Fax: 0181 903 7111

ELECTROPLATING CO FOR SALE Planting for the electronic & engineering industries. London area. Please write to: Box 8496, Financial Times, One Southwark Bridge, London SE1 9PL.

LIQUIDATIONS AND RECEIVERSHIPS Every week, every company that has gone into liquidation or receivership, what they did and who the liquidator or receiver is. Tel: 01622 620888 or Fax: 01622 620887 For further details.

BUSINESS FOR SALE West London franchise of major overnight parcel carrier. Established 9 years. Annual turnover in excess of £500K. Please reply to: Hunter Jones Halford & Co Hope House, 45 Great Peter Street, Westminster, London SW1P 3JZ

FUTURES AND CURRENCY Charting Service For Sale. Would suit brokerage house or publisher. Write to: Box 8496, Financial Times, One Southwark Bridge, London SE1 9PL.

MOTORCYCLE PARTS COMPANY with exclusive brands and tax losses. Going concern, solvent. Contact: Mr Mackie Tel: 0141 248 8814

HOUSEPLANT NURSERY in Southern Spain. Near Gibraltar 10 HA fertile land, plentiful irrigation water, electricity, shade houses, stores and offices, suited to many horticultural/agricultural uses. Price £200,000. Details Phone/Fax: 01225-420899

OFFICE EQUIPMENT Brokers, Banks, Consultants. Data & Voice Services London - New York. We provide private real-time data, and voice services internationally. FORETECH 0171 638 0887

OFFICE FURNITURE Due to city bank order postponement we have a large quantity of quality executive and system ranges - conferences and reception. Large choice of vendors: (Walnut, Rosewood, Oak etc.) with discount of up to 40% from R.R.P.I. London Showroom for viewing. Please contact: LINEARPH LTD Tel: 01992 501000 Fax: 01992 501000

OFFICE FURNITURE Due to city bank order postponement we have a large quantity of quality executive and system ranges - conferences and reception. Large choice of vendors: (Walnut, Rosewood, Oak etc.) with discount of up to 40% from R.R.P.I. London Showroom for viewing. Please contact: LINEARPH LTD Tel: 01992 501000 Fax: 01992 501000

OFFICE FURNITURE Due to city bank order postponement we have a large quantity of quality executive and system ranges - conferences and reception. Large choice of vendors: (Walnut, Rosewood, Oak etc.) with discount of up to 40% from R.R.P.I. London Showroom for viewing. Please contact: LINEARPH LTD Tel: 01992 501000 Fax: 01992 501000

OFFICE FURNITURE Due to city bank order postponement we have a large quantity of quality executive and system ranges - conferences and reception. Large choice of vendors: (Walnut, Rosewood, Oak etc.) with discount of up to 40% from R.R.P.I. London Showroom for viewing. Please contact: LINEARPH LTD Tel: 01992 501000 Fax: 01992 501000

OFFICE FURNITURE Due to city bank order postponement we have a large quantity of quality executive and system ranges - conferences and reception. Large choice of vendors: (Walnut, Rosewood, Oak etc.) with discount of up to 40% from R.R.P.I. London Showroom for viewing. Please contact: LINEARPH LTD Tel: 01992 501000 Fax: 01992 501000

Advertisement for C-FRESH PRO, KPMG, Astolat Holdings, and other services. Includes text like 'C-FRESH PRO', 'KPMG', 'Astolat Holdings', and 'Astolat PLC'.

LAW

# BT loses challenge



EUROPEAN COURT

The special rights enjoyed by British Telecommunications in international telecommunications gave it the status of a "telecommunications organisation" subject to the leased lines directive, the European Court of Justice ruled.

BT had challenged the implementation of the directive in the UK. It argued that as it did not enjoy special or exclusive rights within the meaning of the open networks directive, it should not be subject to the obligations in the leased lines directive.

It also claimed that even if the UK was entitled to impose those obligations on it, the principle of non-discrimination required the UK also to impose those obligations on all operators authorised to provide leased lines.

Finally, BT argued that the obligation to provide a minimum set of leased lines possessing certain characteristics, infringed the principle of proportionality, since there was no demand for such services in the UK.

Mercury Communications and Kingston-upon-Hull Communications supported BT's challenge.

The High Court referred a number of questions to the Luxembourg Court. It asked whether the leased lines directive was applicable to "telecommunications organisations" within the meaning of the open networks directive, such that it applied to public or private bodies to which a member state had granted special or exclusive rights for the provision of a public telecommunications network or public telecommunications services.

The court was also asked to particularise the definition of those rights.

The court ruled that special or exclusive rights were generally granted by a member state's authorities to an undertaking or a limited number of undertakings, otherwise than by objective, proportionate and non-

discriminatory criteria. Such rights would generally also substantially affect the ability of other undertakings to provide or operate telecommunications services or networks in the same geographical area under substantially equivalent conditions.

The fact that more than 100 public telecommunication operators were notified to the European Commission by the UK as "telecommunications organisations" under the open networks directive did not mean that the rights enjoyed by those undertakings had to be regarded as special or exclusive, but such notification raised a strong presumption that they were.

Also, the grant of a licence did not give those operators special or exclusive rights within the directive. However, the licences then still held only by BT and Mercury to operate international lines, were sufficient to constitute the grant of special or exclusive rights. Those undertakings therefore had to be regarded as "telecommunications organisations" within the meaning of the directive.

If Kingston's licence was issued in accordance with criteria which were neither objective nor proportionate nor free from discrimination, and gave it the exclusive right to operate a public telecommunications network in a specific area, it also had special and exclusive rights.

The court concluded that a member state was entitled to impose the obligations to provide a minimum set of leased lines with defined technical characteristics on only some telecommunications organisations. It was also entitled to impose those obligations only on those organisations which were the principal operators of telecommunications lines in each of the geographical areas of its territory.

**C-902/94: R v Secretary of State for Trade and Industry, ex parte British Telecommunications plc, ECJ FC, December 12 1996.**

BRICK COURT CHAMBERS, BRUSSELS

# New chairman for the KCRC

Yeung Kai-yin, who takes over the driving seat at Hong Kong's Kowloon-Canton Corporation (KCR) on December 24, is under no illusions about the size and difficulty of the task facing him.

As chairman and chief executive of the government-owned railway company, he will be responsible for both the agreed expansion - taking the line up to the more remote north-west New Territories - and the proposed extensions that ran aground amid complaints from Beijing.

His predecessor, Kevin Hyde, decided not to seek a further term with the KCRC, as Beijing's wrangling over the proposed cross-border link intensified. Beijing has objected to both the cost and Hong Kong's failure to keep its officials informed of developments.

However, with Hong Kong's change of sovereignty just six months away, the position was broadly tipped to be localised; advertisements post specified applicants with Cantonese, the dialect of Hong Kong and Southern China.

Yeung, 56, is certainly considered tough enough for the job. A former secretary for both transport and the treasury, he is familiar with the terrain. He has also had exposure to the private sector, as a director with Sino Land, one of the territory's biggest property companies. *Louise Lucas, Hong Kong*

# Genentech departure

A founder of Genentech, one of the success stories of the US biotechnology industry, is leaving the company to pursue other interests. Robert Swanson, aged 48, started the company with Herbert Boyer in 1976.

Genentech, which unlike most biotechnology companies is making money, is now majority-owned by Roche, the Swiss pharmaceutical company, which has options to buy the rest of the company. Swanson, who worked for a venture capital firm before founding Genentech, plans to concentrate on his investments in other companies. He will continue working for Genentech as an adviser and consultant.

Swanson is being replaced by Dick Munro, a former chief execu-

tive of Time Warner, who has served on Genentech's board of directors for the last eight years.

"I'm very excited about assuming the chairmanship of a company like Genentech - it is the pioneer and pace setter of the biotechnology industry," said Munro, who joined the Genentech board in February 1988. Munro began his career with Time in 1967, having won three purple heart medals for bravery in the Korean war. *Tracy Corrigan, New York*

# Seita joins Sega

Yukifusa Seita, currently managing director of Pioneer (UK), has joined Sega, the Japanese electronic games company, as head of its European entertainment division. Although Sega is best known for its home entertainment business, the company also operates 35 amusement centres in Europe including the flagship SegaWorld, in Piccadilly Circus, central London.

As managing director of Sega Amusement Europe, Seita's brief includes finding sites for additional theme parks and developing new markets for the company's large,

sophisticated games machines. A top priority will be to improve the performance of SegaWorld - claimed to be Europe's largest indoor entertainment theme park - which has had to overhaul its pricing policy in the wake of disappointing attendance figures since it opened in September.

Seita, 55, joins Sega after a long career with Pioneer, including a stint as chief operating officer of the consumer electronics company's US operations. While it is unusual for large Japanese corporations to swap top executives, Tokyo-based Sega is known for its open and entrepreneurial corporate culture. *Simon London, London*

# Air India loses Mody

The reigning maharajah of Air India and its domestic counterpart Indian Airlines, Russi Mody, has handed in his papers as chairman of the loss-making carriers.

The resignation comes just two years after the 78-year-old Mody, one of India's most prominent and colourful businessmen, was invited by Narasimha Rao, the former Prime Minister, to pilot the state-run airlines.

Once dubbed the "Iron man of India" for his long stewardship of the Tata group's flagship, Tata Iron and Steel, Mody says he resigned out of frustration at internal resistance to efforts to bring the airlines into profitability and proposals to merge the carriers.

"When I was appointed, I was under the impression that I had been sent in to fix everything that had gone awry with the airlines. However, I was given no executive powers to do this and after two years of trying to change things and failing, I had no option but to resign," he says.

The new chairman - who is expected to be appointed early next year - will certainly have a full agenda. Top of the list will be finding the funds for the planned but long-delayed purchase of 23 medium-capacity, long-range aircraft to modernise Air India's ageing fleet.

The new chairman may also oversee a partial privatisation of the airline. Local observers suggest the Indian government's Disinvestment Commission has asked Air India to evaluate its assets in preparation for a possible sell-off of 40 per cent of the equity of the airline. *Tony Tussell, Bombay*

# ON THE MOVE

■ Oyvind Hushovd, 46, is taking over as president and chief executive officer of Falconbridge, the big Canadian nickel and copper producer 46 per cent held by Noranda, Canada's biggest resource group. He succeeds Frank Pickard, who died suddenly on September 25 while on a mine visit in Chile. Hushovd has been with Falconbridge for 22 years, including two stints at its Norwegian nickel refinery. He became executive vice-president early in 1995.

■ BOEING CORPORATION has appointed Phil Condit, president and chief executive, as chairman with effect from February 1. The current chairman, Frank Shrontz, will retire having reached the age of 66. Shrontz becomes chairman emeritus and continues to sit on the board.

■ Alan Ashton, founder of WorldPerfect Corp, has resigned from the NOVELL board of directors to pursue community and other interests in Utah. ■ Myles Ruck has been appointed deputy managing director of STANDARD CORPORATE & MERCHANT BANK, a unit

of South Africa's Standard Bank Investment Corp. Ben Kruger becomes director of its treasury division.

■ John Phillips, chief executive and president of METROMEDIA INTERNATIONAL GROUP, has resigned to pursue other business opportunities.

■ James Platt, 40, has been promoted to senior vice-president of corporate affairs for global media group NEWS CORP.

■ Hans Beckman has been named executive vice-president of ELECTROLUX, responsible for industrial integration. For the last five years he has been president of Frigidaire and product line manager for Ponlan/Weed Eater and American Yard Products.

■ Simon Hayes, head of Asian Equities at SALOMON BROTHERS, and Kee Young Im, chief representative of the firm's Korea office, have been promoted to managing directors, from January 1.

■ The board of ABBOTT LABORATORIES has elected six new corporate officers: Patrick Balthrop, 40, vice-president, diagnostic operations, US and Canada; William Dempsey, 45, vice-president, hospital products business sector; Guillermo Herrera, 43, vice-president, Latin

American operations; Arthur Higgins, 40, vice-president, Pacific, Asia and Africa operations; and Thomas Watkins, 44, vice-president, diagnostic operations, Asia and Pacific. Edward Michael, 38, becomes vice-president, diagnostic operations, Europe, Africa and Middle East, from January 1.

■ Andrew Simmonds succeeds Peter Fenchel as president of global media subsidiary of BZW SECURITIES (JAPAN).

■ Graham Paxton, managing director of out-sourcing and services company SIEMENS BUSINESS SERVICES, joins the international executive management board, with responsibility for non-German speaking Europe. He remains managing director of the UK subsidiary.

■ Chris Lees has joined NIKKO SECURITIES in Australia as an associate director, capital markets, having spent the last five years with Nikko's capital markets team in London.

■ Kees Rutten, 38, has been appointed to the Netherlands executive board of FORTIS, the Belgian-Dutch insurance group, from January 1, and is expected to join the group executive board. He is currently a board member of Fortis Nederland responsible for retail banking and

insurance activities. ■ Jürg Fretz is to hand over management of Switzerland's GLOBUS DEPARTMENT STORES to Georg Boesch, 56, from March 1. He retires from the group on August 31 at the age of 62.

■ Pierre Mariani, 40, has been appointed managing director of BANEXI, the merchant banking subsidiary of Banque Nationale de Paris.

■ Mark Weseluck rises to vice-president, banking operations at the CANADIAN BANKERS ASSOCIATION.

■ Ken Goldman, currently senior vice-president and chief financial officer of California-based Home Network, joins the board of UNISON SOFTWARE.

■ Malcolm Sherman, chairman of EKCO GROUP, the US housewares group, becomes chief executive.

■ Robert Stein, Ekco Group's chief executive since 1986, has resigned to pursue other interests.

■ George Hellmeier has been appointed chairman and chief executive of BELLCORE (Bell Communications Research), with effect from January 1. Sanjiv Ahuja becomes president and chief operating officer.

■ Amin Shah Omar Shah succeeds Mohamed Ngah Said as chairman of PERUSAHAAN SADUR TIMAH MALAYSIA (Perstima).

■ Edward Staiano has been named vice-chairman and chief executive of IRIDIUM LLC, a private international consortium led by Motorola which expects its global wireless communications network to become operational in late 1998.

■ Staiano is retiring as executive vice-president of MOTOROLA and president and general manager of its general systems sector. In a separate move, Paul Huoq becomes vice-president and general manager, Asia Pacific, of Motorola information systems group.

■ Giselbert Behr joins the board of BERLINER BANK from April 1. He was previously a director of the Düsseldorf branch of Dresdner Bank.

■ Andreas Graf von Hardenberg and Christoph Freiherr von Hammerstein-Loxton will depart from the board on December 31. Peter-Joerg Klein succeeds Hammerstein on the board and is additionally a board member at Landesbank Berlin.

■ David Rattee and David Baird have been appointed directors of BEATRICE FOODS, the Canadian food manufacturing company.

■ Stephen Orr, 42, becomes vice-president US operations at HOMESTAKE MINING, the gold producer, from December 1.

■ David Rutledge moves to president of INGRAM MICRO Latin America. He was previously senior vice-president of Asia Pacific, Latin America and Export Markets. Larry Elchensohn, former president of Ingram Micro Canada, takes charge of the Asia-Pacific region.

■ Robert Yohs, former vice-chairman of Olin Corporation, joins the board of LAROCHE INDUSTRIES, the US chemicals company.

■ Michel Haski becomes chairman of BIP GESTION, the institutional and fund management subsidiary of Banque Internationale de Placement (part of Dresdner Bank group).

# International appointments

Please fax information on new appointments and retirements to +44 171 873 3926, marked for International People. Set fax to 'fine'.

# BUSINESSES FOR SALE

## C-FRESH PRODUCTS LIMITED

(In Administration)

The joint administrators, JJ Gleave and M L McKillop, offer for sale the business and assets of this fish and scampi processor based in Whitehaven, Cumbria.

- Turnover approx. £5m - one of the largest pelagic fish processors in the country.
- Large, freehold processing and smoking plant - total area 5,000 square metres.
- £800,000 of new processing equipment installed in last two years.
- Recently refurbished refrigeration equipment - 4 coldstores, capacity 4,000 tonnes.
- Workforce of approx. 100 employees.
- Blue-chip customer base, including superstore multiples.

For further information, please contact: S J Dootson or JJ Gleave, Arthur Andersen, Bank House, 9 Charlotte Street, Manchester M1 4EU. Tel: 0161 200 0355 Fax: 0161 200 0343

## FOR SALE INFORMATION SUPER HIGHWAY MANUFACTURING COMPANY

- \* Established 40+ years
- \* Excellent profitability
- \* Freehold land and buildings
- \* International High Quality Reputation

Principals only need apply  
Write to Box B4925, Financial Times, One Southwark Bridge, London SE1 9HL

## HIGHLY PROFITABLE MARKETING & SALES SUPPORT SERVICES COMPANY

£/M profit after Directors salaries  
125+ UK & Multi-national Clients  
25 years history - M25 southern rim.  
Owners retiring, continuity offered.  
Considerable potential growth.

Write to Box B4938, Financial Times, One Southwark Bridge, London SE1 9HL

## HOTEL PROJECT FOR SALE

We have received from the government all necessary licences and are beginning construction of an exclusive HEALTH RESORT, including luxury ranches, hotel with business meeting facilities, a sport center and unique health and beauty center all ideally located in valley near a clear lake in the Spanish Pyrenees between Barcelona and Andorra. Because of the exceedingly positive response to our promotional tours and the high income clients we will attract, we wish to sell the hotel project to an established reputable hotel group. Please reply quoting reference # 15890. All replies held in strictest confidence.

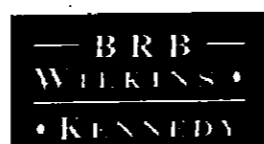
EMBROSA, Caa Weyer de Laysa, E-25286 NAVES, Spain  
Fax: 00-34-73-481-488 E-mail: embrosa@embrosa.com

## PUNCH PRESS MACHINE CONSTRUCTION COMPANY FOR SALE

### PIERCE-ALL LIMITED

The Joint Administrators offer for sale the business and assets of Pierce-All Limited

- Sole producer in the UK of Punch Press and Laser Cutting Machines
- Established name in the industry
- Annual turnover of approximately £3.3 million
- Skilled workforce of 24 employees
- International Dealer network



For further details contact: Keith Stevens/Alan Clifton at BRB Wilkins Kennedy, Elvaco House, 180 High Street, Egham, Surrey, TW20 9DN Tel: 01784 435561 Fax: 01784 430584



## Astolat Holdings Limited Astolat PLC

The Joint Administrative Receivers, Mike Blake and Roger Oldfield, offer for sale the business and assets of the above companies. The principal features comprise:

- 6.5 acre freehold site in Surrey on the A3100 main Guildford to Godalming road
- well established window joinery business with a substantial order book; turnover £1.7m
- garden centre with coffee and gift shop; turnover £700k
- wholesale/retail fencing sales division; turnover £700k

Interested parties should contact Mike Blake or David Matthews on 01734 642000. KPMG, Arlington Business Park, Theale, Reading RG7 4SD. Fax: 01734 642284.

KPMG Corporate Recovery

# OPINIONATED PEOPLE REQUIRED.

## FT READER PANEL

If you are a regular reader of the Financial Times and would like to play a part in shaping its future, we'd like you to join our newly formed FT Reader Panel.

The Panel will be made up of a representative group of Financial Times readers from all European countries. Membership will last up to two years during which time we will ask members to complete three to four questionnaires per year.

Each questionnaire will take no more than 10-15 minutes of your time and the information we receive will help determine our future marketing and editorial plans. As a 'thank you' to our Panel members, respondents in each survey will be entered into a prize draw.

Completed questionnaires will be processed by an independent computer bureau, Media Plus Research, and all data received will be treated in the strictest confidence with results being used in statistical form only. So, to have a say, just say that you would like to join the FT Reader Panel by completing the coupon below. As a token of our appreciation, all returned coupons will be entered into a draw to win one of 5 Financial Times Leatherbound Desk Diaries (worth approximately \$50.00).

1. How often do you read the Financial Times? (By regularly, we mean an average of at least 3 out of 4 issues)

Regularly  4-6 times  7-10 times  11-14 times  15-18 times  19-22 times  23-26 times  27-30 times  Other

2. For how many years have you been reading the Financial Times?

Around a year or less  1-2 years  3-4 years  5 years or more

3. Is the copy of the FT that you read...?

Your own - purchased by you/delivered to home

A personal office copy

A circulated copy

Other

4. Are you...?

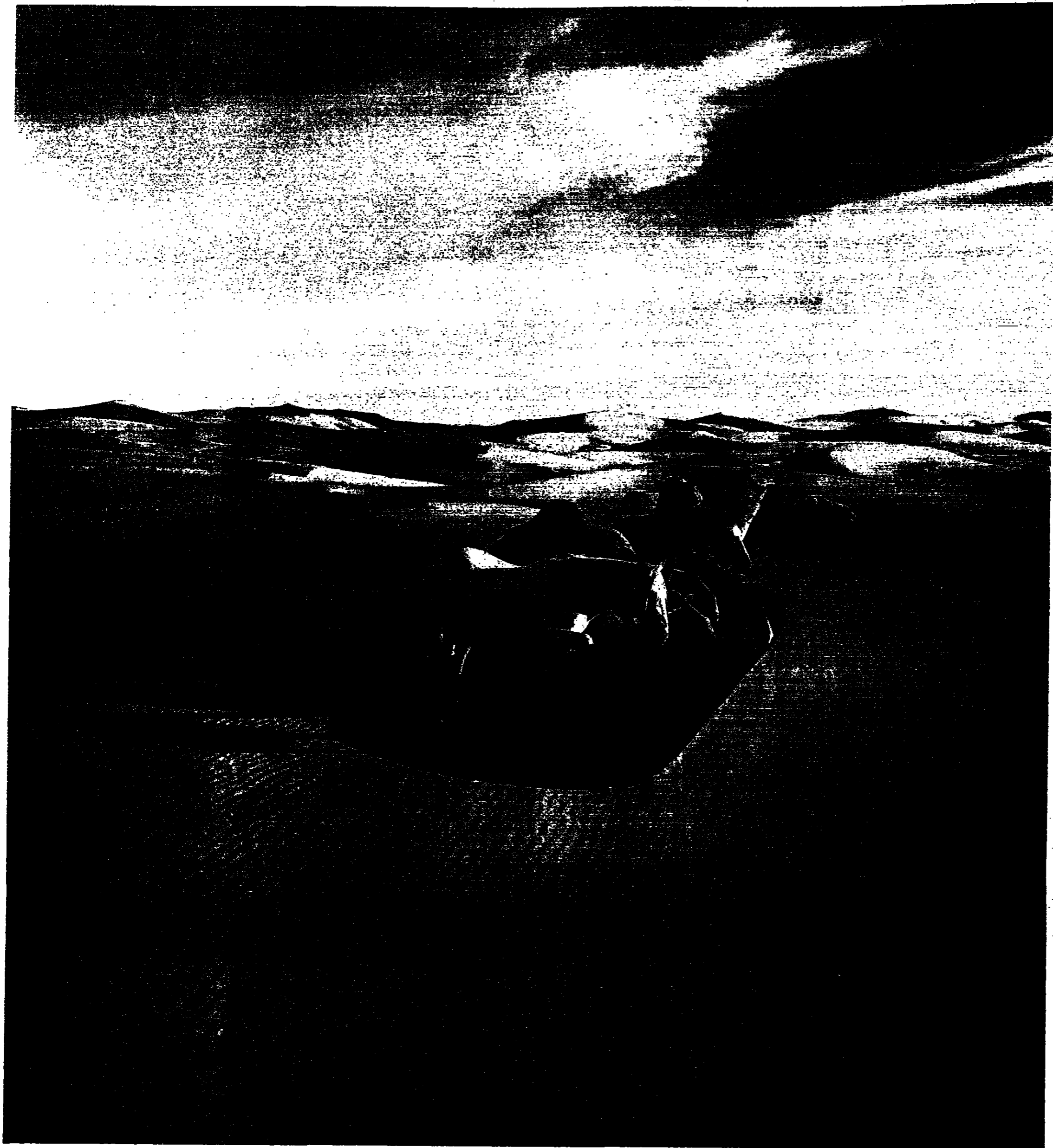
Male  Age under 35  35-44  45-54  55+  Working full time  Working part time  Not working

5. Please write in your job title (if working)

Name \_\_\_\_\_

Address \_\_\_\_\_

Please return to: The Financial Times Reader Panel, Media Plus Research, 1 Rosebery Avenue, London EC1R 4SR.



## FORTIS AT WORK ON A PRODUCTIVE FUTURE

In six years, Fortis has become one of the world's largest financial service groups. Just take the following figures. Over 100 companies operate independently within the Fortis group. They include such familiar names as AMEV, VSB, ASLK-CGER and AG 1824.

Together they employ over 30,000 people and manage assets in excess of ECU 71 billion. Their sphere of operations covers most of western Europe, as well as the United States and Australia. And their product range encompasses the whole field of banking, insurance and investments. That, in a nutshell, is the status quo.

But it's certainly not the end of the story. Fortis has adopted a strategy of growth. The achievement of this strategy is based on a market vision that can be described as multi-domestic, multi-product and multi-channel. It is multi-domestic in the sense that at Fortis we see every country where we operate as a home market, enabling us to

respond effectively to the needs of that market. By multi-product we mean that in principle the number of products and services we can deliver is unlimited. Whatever the market demands

Fortis can introduce and will do so, provided it helps to achieve our profit objectives. Finally, multi-channel is our way of emphasizing that we plan to reach the client through a variety of distribution channels.

To sum up, this market approach is successful because it meets the wishes of individual clients as closely as possible. And in the coming years it will become even more successful by exploiting the benefits of synergy and the exchange of knowledge and experience within Fortis.

In other words, it is the sure basis for a productive future. For more

information, please call: +31 (0) 30 257 6549 (NL), +32 (0) 2 220 9349 (B).

Internet: <http://www.fortis.com>

• OPERATING ACROSS WESTERN EUROPE, THE USA AND AUSTRALIA.  
 • TOTAL ASSETS AT THE END OF 1993: ECU 124 BILLION.  
 • A WELL-FOCUSED GROWTH STRATEGY, BOTH WITHIN THE GROUP COMPANIES AND THROUGH ACQUISITIONS.  
 • FINANCIAL OBJECTIVES:  
 RETURN ON SHAREHOLDERS' EQUITY OF AT LEAST 12%  
 ANNUAL GROWTH OF EARNINGS PER SHARE: 7-12%  
 • A GOOD TRACK RECORD IN MEETING FINANCIAL AND STRATEGIC OBJECTIVES.  
 THE COMBINED STRENGTHS OF FORTIS

**fortis**

INSURANCE • BANKING • INVESTMENTS

فورتيس



ARTS

# Symbolism in wood and clay

William Packer on the work of sculptors Nicholas Pope and David Nash

Nicholas Pope and David Nash, two sculptors who made their names in the 1970s, have shows in London at the moment of their latest work. Now 50 or thereabouts, they arrived on the same wave of young artists by which British sculpture, even then, was said to have renewed itself - a process which seems to happen once or twice a decade with the regularity of the tides. The idea that the bright young things of the moment - Hirst, Whiteread - have somehow revived British sculpture to international notice after long years in the doldrums marks only the short attention-span of the fashionable avant-garde.

Anyway, along with such near-contemporaries as Richard Long and Barry Flanagan, they reacted against the abstract, heavy-metal sculpture of the Caro school of the 1960s, turning instead to natural materials and a more improvisatory response to them as they occurred in nature. Both enjoyed conspicuous early success, Nash with shows at the Serpentine, works in public collections and tours abroad, Pope, at 31, with the British Pavilion at the 1980 Venice Biennale.

Since then, their careers could hardly have been more different.

Nash has stuck to his last, or rather to his saw, axe and bonfire, slicing and scorching his way into the living wood as the form or circumstance suggests. He has continued to work consistently, developing within the given scope of his ideas, sustaining his particular aesthetic.

Pope, on the other hand, was always more various in his material and approach, and more minimal in his formal interests - now piling logs in precarious stacks, now building faces, now hacking chalk into primal lumps. And then illness brought his career to a shuddering stop. Rare viruses contracted on a working trip to Tanzania in 1982 affected both his brain and his physical ability to work. But by slow degrees he has mended, and what we see now at the Tate, in the Art Now studio gallery, is remarkable and moving testimony to his recovery.

It was his interest in the sculpture of the Makonde that took him to Africa, and the formal debt is openly acknowledged in the crowd or forest of hand-built terracotta totems presented here, each of them more or less of human size. But abstract as they are, these are all symbolic figures, with the 12 principals each with its more complex character of modelling to represent one of the apostles, and each surrounded by its

group of the simpler, wondering multitude. For these are the Apostles of the Pentecost, speaking in tongues, and each has his paraffin lamp for head, to carry those tongues of flame that were the inspiration of the Holy Ghost.

The lamps should be lit all the time, but at the moment they are lit only for 15 minutes at a time, at 11, 1 and 3.30 each day, with hope of more frequent intervals later on. Although impressive anyway, it is well worth catching one of these moments, for only then does the work at large take on its full narrative and symbolic point, with only the flickering flames to light up the darkened room, and the figures themselves seeming to move in the dancing shadows.

It is a highly theatrical piece, quite consciously so, the most obvious recent parallel, as it happens, the Trojan War cycle of Anthony Caro, with its similarly abstracted yet highly charged totemic figures. This open acceptance of any such reading is a new departure for Pope, and obviously founded on his late troubles. Pentecost, the visitation of the Holy Spirit, bespeaks a renewal of faith, self-discovery and a commitment to the future and the unknown.

The totemic and the symbolic are

no less evident in the work of David Nash, though without so specific an association or narrative. His is a more elliptical approach, masked by immediate formal or structural concerns. But process and nature are always there, to take over the imagination the moment, as it were, that Nash halts turns away.

A dish, beautifully improvised out of natural form, is balanced delicately on a deceptively crude, stool-like block, only to hurt into a nose-head trophy that dominates the gallery. Logs hollowed out become vestigial boats. Improbably curved planks are pinned together, stood on end and inter-woven to restate the trunk and growth of the tree. Fire sears and chars the rotten core of the split block. The saw opens out the living timber. Form reveals itself. The underlying preoccupation is with life, the natural cycle of renewal and decay.

Nicholas Pope - *The Apostles Speaking in Tongues*: Tate Gallery, Millbank SW1, until February 22; the 1996-97 Art Now programme is supported by the Henry Moore Foundation, the Patrons of New Art and an anonymous donor. David Nash - recent sculpture: Annelly Juda Fine Art, 23 Dering Street W1, until January 19.



Detail from 'The Apostles Speaking in Tongues' by Nicholas Pope



Stripped down to essentials: Le Cercle Invisible

## Theatre/Sarah Hemming

### Some enchanted evening

One small child cried out, "It's granny, mummy," as Jean Baptiste Thierree took to the stage in *Le Cercle Invisible* at the Mermaid Theatre. It is doubtful whether the lady in question would have been flattered by the comparison to this ageing clown with the fanatical eyes, perpetual grin and mopehead hair. But the child had a point. Pop a bonnet on him and Thierree would pass for the archetypal fairy-tale granny. And that is part of his charm and part of the charm of the circus in which he appears.

Thierree and Victoria Chaplin have stripped the idea of circus right down to its essentials. There are no big tricks or flashy showpieces; the magic they are interested in is the power of the imagination to see things differently.

So Victoria Chaplin performs a series of scenes in which her costume takes on a life of its own. A dress becomes a dragon; a stack of chairs becomes a horse. It is very cleverly done, and whisks you back to childhood when a couple of old curtains could transform you into a fairy princess.

Chaplin herself looks like a waif straight out of a fairy-tale, with her long dark hair and large, eloquent eyes, and the show has the feel of a fairy-tale - fascinating, but eerie. We

are in the childhood world where a sofa can become a chariot but where bears also lurk beneath the bed.

While Chaplin wrestles with her costumes, Thierree complements her with a series of absurdly comic scenes in which he bungles the magic tricks he tries to do. Twinkling and beaming, he strides onto stage with a suitcase of artifacts that never quite work as he intends. Meanwhile there are also scenes of purely surreal humour: at one point Thierree sings opera through masks on his knees; at another he is marched across the stage by a giant coffee pot on legs.

Even when the couple do perform circus tricks, they undercut them with humour. As Chaplin goes through a hair-raising trapeze routine, Thierree rushes on to assist her in a set of increasingly ridiculous wigs. As she dangles precariously from a high-wire by one foot, she wiggles the toes of the other as if waiting impatiently for a bus. And, having conjured up two rabbits and a squadron of ducks, the couple simply leave the stage to them - the rabbits reading books, the ducks quacking along to music. An idiosyncratic and enchanting show.

Continues at the Mermaid Theatre, London EC4 to January 12 (0171 236 2211).

## Recitals in London

### Straight Beethoven

On Friday night at London's Royal Festival Hall, Maurizio Pollini gave the second recital in his current series of all Beethoven's piano sonatas, except the pair of "little" sonatas Opus 49. It was a long programme - probably the longest of the entire cycle - and the first half, with three sonatas, Opus 10, amounted to 70 minutes of solid music, an evening's worth in itself.

Solid is the word. Pollini's capacity for concentration almost certainly exceeds that of his audience, and he seemed more committed and settled than in his opening recital nearly three weeks ago.

It almost goes without saying that he gave classic performances, as powerful as Beethoven can have imagined, without any reduction

of dynamic range to suit the music's early date. Yet Pollini did not press expressive points unduly either. Everything happened within a strictly disciplined continuity, whereas some great Beethoven specialists in the past might have let out the seams. In that sense, and in his adherence to the text, Pollini is a "modern" player, as the late Rudolf Serkin was, though he lacks Serkin's excitability and capacity for elation.

After the interval, for some reason Pollini lost some of his rhythmic poise and control over tempi. The fingers were as strong as ever, but in the first of the two Opus 14 sonatas, he tended to rush, letting the lovely central E minor Allegretto slip forward as if he could hardly wait to get on to the finale, where he would

sometimes cut short the last beat in a bar. Nor was the first movement of the genial G major sonata, Opus 49 No. 2, entirely free from a tendency to gabble - possibly, Pollini over-estimated the clarity of the hall.

Or perhaps he had decided not to stay overnight, for he still had to play the *Pathétique*, put last, no doubt, because of its stormy passion. Stormy it certainly was, yet not exaggerated. If you like your Beethoven straight, Pollini's your man. But the more his head and hands have to do, the better he tends to be. So as he works his way through the canon chronologically, the prospects are promising: the last two recitals, in May and June, are likely to be the most rewarding of all.

Adrian Jack

If the plaintive voice of Nana Mouskouri is Greece's most familiar musical export, the dramatic contralto of Maria Farandouri is surely its most expressive; the composer Mikis Theodorakis first identified her dark voice as the ideal instrument for his work when she was just 16.

As if the voice's intrinsic qualities were not enough, there is the added resonance of Farandouri's political engagement, which forced her into exile in 1967 when Greece fell into the hands of a military dictatorship. Her performances of Theodorakis's songs in the world's leading concert halls became a powerful symbol of resistance during the junta's seven-year reign.

The combination of musical intelligence and political fervour continues to weave its spell, even during these much-changed times. At the Queen Elizabeth Hall on Saturday, she brought the even-

## Greek reliefs

ing to a rousing climax with Theodorakis's setting of George Seferis's poem *Mythostorema*, and its inspiring refrain: "A little higher, a little higher still", imbuing the song with authentic qualities.

This was an evening designed to illustrate the special way in which Greece's composers - chiefly Theodorakis and Manos Hadzidakis - have interpreted some of its greatest poets, Seferis, Nikos Gatsos, Odysseus Elytis, to bring their not-always-accessible work to the lips and hearts of a mass audience.

With John Tavener introducing the concert, and Ruth Padell and Peter France providing translations and explanations, there was plenty of help for the neu-

tral observer, though the eagerness to snag along betrayed most of the audience's Greek origins.

Farandouri never allowed technical facility to compensate for emotional directness, asking demanding questions of her powerful instrument and answering most of them. Her bearing on stage is humble, modest, and she is meticulous in her conveyance of mood. After dedicating the Yiannis Ritsos/Theodorakis song "On These Very Marbles" to Melina Mercouri, you could feel her trumpeting first lines causing the very foundations of the British Museum to tremble.

More pacific in tone was the London premiere of a pre-Byzantine hymn, transcribed from papyrus found at Oxyrhynchus, haunting in its intensity, and Hadzidakis's playful setting of Aristophanes, a rare moment of light relief.

Peter Aspden

Sunday's concert at the Barbican was advertised as the London Symphony Chorus's 30th anniversary gala, but the choir will have been dismayed to find that it can be to get star guests to come to the party. Even the week before, some of the soloists were still being sought and the only one who had been booked well in advance cancelled on the night.

Try to put on a big Verdi work like the Requiem and that is what happens, as any opera-house will tell them. There simply are not enough top-name Verdi voices to go round any more. A long, hard search will be needed to bring together a good

## Concert/Richard Fairman

### Gatecrashers come good

quartet and the chances are that it will have singers with smaller voices and from a wider range of nationalities than it would have done in the 1960s.

For its Verdi Requiem on Sunday, the London Symphony Orchestra searched from Hungary to Iceland, from the US to Albania. The quartet it found was heterogeneous, but youthful, interesting, and even blended fairly well. There is something to be said for picking promising singers on the way up and all four of these

clearly are. The soprano, Georgina Lukacs from Hungary, is due to sing Lady Macbeth at Covent Garden next summer and has a steady, liquid voice, with a slight edge, not huge, which she can easily move up and over the top notes. A few flashes of operatic spirit in her "Liberia me" seemed almost out of place - it was not that kind of performance.

The surprise arrival was the Albanian mezzo, Enkelelda Shkosa, who took over at the last moment and

made her mark with a firm, bright mezzo, poised halfway between Russian brilliance and weightier Verdi punch. Stuart Nell is an American tenor of obvious accomplishments, a lighter version of Michael Sylvester, who gives good value and phrases broadly; his "Hostias" was sung in an affecting, if not very Italianate, head voice. The compact, dark bass of Iceland's Gudjon Oskarsson is already known here and is on the way to being a very effective Verdian instrument.

Hopefully, the London Symphony Chorus was not dazed by these gatecrashers. That is in the nature of the Barbican's acoustics, which keep the choral sound well back, though their contribution seemed well rehearsed.

Despite his long history in opera, Colin Davis conducted a performance which was more sombre oratorio than excitable melodrama, underlining key moments in the musical structure with deep concentration (the lead-in to the "Lacrimosa" became a major event in itself). The LSO played well for him. It was a creditable evening all round, though "gala" is fast becoming a debased term.

## INTERNATIONAL ARTS GUIDE

### AMSTERDAM

**CONCERT**  
Concertgebouw Tel: 31-20-6718345  
● Koninklijk Concertgebouworkest: with conductor Riccardo Chailly and violinist Jaap van Zweden perform works by Prokofiev, Bartok, Stravinsky and Rossini; 8.15pm; Dec 18, 19

### BERLIN

**CONCERT**  
Konzerthaus Tel: 49-30-203090  
● Berliner Sinfonie-Orchester: with conductor Michael Schoenwandt and violinist Guy Braunstein perform works by Rudez, Tchaikovsky and Beethoven; 8pm; Dec 19, 20, 21

**EXHIBITION**  
Bertinische Galerie - Martin-Gropius-Bau Tel: 49-30-254860  
● Marianne und Germania, 1789 bis 1889. Zwei Welten - Eine Revue: exhibition as part of the

Berliner Festwochen, focusing on the relationship between Germany and France in the 19th century. The exhibits come from German and French collections;

**OPERA**  
Deutsche Oper Berlin Tel: 49-30-3438401  
● Madame Butterfly: by Puccini. Conducted by Johan Arnel, performed by the Deutsche Oper Berlin. Soloists include Maria Spaccagna, Catherine Gayer and Walton Grovoco; 7.30pm; Dec 19

**BONN**

**OPERA**  
Oper der Stadt Bonn Tel: 49-228-7281  
● Die Zauberflöte: by Mozart. Conducted by Renato Palumbo, with the Oper der Stadt Bonn. Soloists include Ramos, Beer and Sturludottir; 7.30pm; Dec 18

**COLOGNE**

**CONCERT**  
Köln Philharmonie Tel: 49-221-2040820  
● Swedish Chamber Orchestra: with conductor Eric Ericson, soprano Barbara Hendricks, the Eric Ericson Chamber Choir and the Köln Kinderchor perform Christmas music; 8pm; Dec 18

### COPENHAGEN

**DANCE**  
Det Kongelige Teater Tel: 45-33 69 69  
● Royal Danish Ballet: perform Etudes, a choreography by Harald Lander after Czerny to music by Rissager, and Le Conservatoire or A Newspaper Courtship, a choreography by August Boumville to music by Pauli; 8pm; Dec 18

### GHEENT

**OPERA**  
De Vlaamse Opera Tel: 32-9-2230681  
● Les Liaisons Dangereuses: by Swarts. Conducted by Patrick Davin, performed by De Vlaamse Opera. Soloists include François Le Roux, Marilyn Schmiege, Lyne Fortin and Jocelyne Tallon; 8pm; Dec 19, 21

### HAMBURG

**OPERA**  
Hamburgische Staatsoper Tel: 44-171-8384141  
● Die Zauberflöte: by Mozart. Conducted by Lothar Zagrosek, performed by the Hamburg Staatsoper. Soloists include Kwon, Isokoski, Yang and Gallard; 7pm; Dec 18

### LONDON

**CONCERT**  
Barbican Hall Tel: 44-171-8384141  
● Les Fêtes d'Hébé: by Rameau. Conducted by William Christie, performed by Les Arts Florissants.

Soloists include sopranos Sophie Daneman, Maryseul Wiczorek and Sarah Connolly, tenors Paul Agnew and Jean Paul Fouchecourt, and basses Olivier Lallouette, Matthieu Lacroix and Luc Coadaou; 7.30pm; Dec 18

**NEW YORK**

**CONCERT**  
Alice Tully Hall Tel: 212-875-5050  
● Tokyo String Quartet: with pianist Peter Frank perform works by Schubert, Lieder and Brahms; 8pm; Dec 18  
● Philharmonia Orchestra: with conductor Stephen Cleobury, the King's College Choir and the Philharmonia Chorus perform works by J.S. Bach, Britten, Arnold and others; 7.30pm; Dec 18  
● St. John's, Smith Square Tel: 44-171-2221061  
● Polyphony: with conductor Stephen Layton perform works by Howells, Warlock, Walton, Bennett and others; 7.30pm; Dec 18  
● Wigmore Hall Tel: 44-171-9352141  
● Gabriela Montero: the pianist performs works by Liszt, Schumann, Albeniz and Rachmaninov; 7.30pm; Dec 18

### PARIS

**DANCE**  
Théâtre National de l'Opéra - Opéra Garnier Tel: 33-1 42 66 50 22  
● The Nutcracker: a choreography by Rudolf Nureyev to music by Tchaikovsky, performed by the Ballet de l'Opéra National de Paris; 7.30pm; Dec 18, 20, 21  
● The Nutcracker: a choreography by Rudolf Nureyev to music by Tchaikovsky, performed by the Ballet de l'Opéra National de Paris; 7.30pm; Dec 18, 20, 21  
**EXHIBITION**  
Musée d'Orsay Tel: 33-1 40 49 48 14  
● Gauguin et le Christ jaune: this exhibition centered around Gauguin's self-portrait "Autoportrait au Christ jaune" brings together the painting "Le Christ jaune" from the collection of the Albright-Knox Art Gallery

### LOS ANGELES

**CONCERT**  
Dorothy Chandler Pavilion Tel: 213-972-9001  
● Los Angeles Philharmonic: with conductor Joseph Swensen and

cellist Ronald Leonard perform works by Stravinsky, Haydn and Sibelius; 7pm; Dec 18, 20 (8pm)

### MUSICAL

Théâtre du Châtelet Tel: 33-1 42 33 00 00  
● Black and Blue: by Segovia/Orazzoli. Directed by Claudio Segovia and Hector Orazzoli, performed by the Théâtre du Châtelet; Mon - Sat 8.30pm, Sun 2.30pm & 8.30pm, Sat also 4pm; from Dec 17 to Dec 23

### VIENNA

**OPERA**  
Wiener Kammeroper Tel: 43-1-5120100  
● Dona Francisquita: by Vives. Conducted by Lluís Vila I Casanas, performed by the Wiener Kammeroper (in German). Soloists include Monica Theiss, Lorena Espina, Sulie Girardi, Lubica Gracova, Cesar Gutierrez and Hector Sandoval; 7.30pm; Dec 18, 21  
● Madame Butterfly: by Puccini. Conducted by Friedrich Peyer, performed by the Wiener Staatsoper. Soloists include Coelho, Serrão, Haima, Monarcha and Gati; 7.30pm; Dec 18

and the 17th-century wooden crucifix from the Trémallo Chapel which formed its source of inspiration; to Jan 5

### WORLD SERVICE

BBC for Europe can be received in western Europe on medium wave 648 kHz (463m)

### EUROPEAN CABLE AND SATELLITE BUSINESS TV

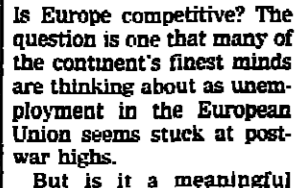
(Central European Time)  
MONDAY TO FRIDAY  
NBC/Super Channel:  
07.00  
FT Business Morning  
10.00  
European Money Wheel  
Nonstop live coverage until 15.00 of European business and the financial markets  
17.30  
Financial Times Business Tonight  
CNBC:  
08.30  
Squawk Box  
10.00  
European Money Wheel  
18.00  
Financial Times Business Tonight

Listing compiled and supplied by ArtBase The International Arts Database, Amsterdam, The Netherlands. Copyright 1996. All rights reserved. Tel: 31 20 664 6441. E-mail: artbase@pi.net

Martin Wolf

## A question of competition

While some commentators reject the concept of international competitiveness, it can illuminate the causes of the EU's economic ills



Is Europe competitive? The question is one that many of the continent's finest minds are thinking about as unemployment in the European Union seems stuck at post-war highs.

But is it a meaningful question? Professor Paul Krugman of the Massachusetts Institute of Technology, for one, has mounted the most savage assault on the tendency to ascribe economic failings to lack of competitiveness. It is a failure to understand how nations differ from companies, he says.

Yet there is much that can be learnt from asking the question - provided competitiveness is defined in a sensible way. The answer can shed light on the causes of Europe's current predicament.

Prof Krugman returns to the subject in Making Sense of the Competitiveness Debate, which appears in the recent collection of essays on International Competitiveness in the Oxford Review of Economic Policy (OUP). He condemns those who believe the aim of trade policy is to maximise exports and minimise imports as mercantilists.

Yet that is exactly the position of the European Commission in its white paper on competitiveness, growth and employment, published in December 1993, when it argued, absurdly, that "the most important reason for the long upward trend in the European rates of unemployment is the rise of nations that are competing with us".

The theory of comparative advantage shows trade is mutually beneficial. But viewed through the mercantilist spectacles donned by the Commission it becomes a form of warfare.

Prof Krugman is right to be angry that nearly two centuries after it was first developed many policymakers and commentators fail to understand compara-

tive advantage. Yet outright rejection of the notion of international competitiveness is too simple, as Mr Andrea Boltho of Magdalen College, Oxford, notes in his opening article in the Oxford Review of Economic Policy.

Hidden behind it is at least one perfectly respectable notion. This is the real exchange rate, which can be thought of for this purpose as a link between the cost of labour and the performance of internationally exposed sectors of the economy.

In the case of the EU, a focus on the real exchange rate is particularly illuminating. It allows a connection to be drawn between three apparently separate worries: employment, whole-economy productivity and trade.

The natural starting point for a discussion of competitiveness is the last of these. The picture is mixed. Unlike the US, which ran a current account deficit of about 2 per cent of gross domestic product in 1995, the EU had a current account surplus of 0.5 per cent of GDP. It also remains the world's largest exporter: merchandise exports from the EU to the rest of the world were 20 per

cent of the global total in 1995, compared with 15.5 per cent for the US.

Yet a current account surplus can be - and, in this case, to an extent is - symptomatic of inadequate domestic demand. Furthermore, the EU's high share in world exports masks a declining trend - as the Commission noted in its recent paper on the competitiveness of European industry (November 1996). The share of the 12-member EU in the manufactured exports of members of the Organisation for Economic Co-operation and Development slipped by 2.5 percentage points between 1987 and 1993, while north America's rose 3.7 percentage points.

One other feature of the performance of the EU's more internationally exposed industries is worth noting. EU manufactured output rose by only 23.4 per cent between 1980 and 1995, against an increase of more than 57 per cent in the US.

Such a mediocre performance in the internationally exposed parts of the European economy may, among other things, be a symptom of overvaluation of the real exchange rate. As the chart

shows there was indeed a large and sustained depreciation in the real exchange rate of the US - as measured by relative unit labour costs - vis à vis Germany and, still more, Japan, after 1985.

The hypothesis of overvaluation of the real exchange rates of core European economies can be supported by two other indicators.

One is the ratio of the exchange rate against the US dollar to the OECD estimate of the "purchasing power parity exchange rate" - the rate that would equalise average price levels between the countries. If this ratio is higher than one, prices are higher than in the US. In 1985 the ratio was 1.3 in France, 1.5 in Germany and 1.9 in Japan; it was about one in Italy and the UK. The figures for Germany and Japan are surprising for countries with similar levels of real income per head to the US. But these divergences seem to support the French and German view that their companies were competitive against one another, but not against producers in the US, Italy and the UK.

The second indicator is that, according to Morgan Stanley, hourly labour costs in industry were higher in Sweden, Finland, Denmark, Austria, Belgium and West Germany in 1994 (in that order) than in the US. Yet US industrial output per person remains the highest in the world.

The significance of any overvaluation for the performance of the European economy must be kept in strict proportion. The EU is a very large economy that is only modestly dependent on external trade. In 1994, EU exports to the rest of the world were 8.8 per cent of GDP, little more than the 7.7 per cent of the US. Over the long term, growth is determined by productivity in the economy as a whole and

its ability to absorb labour into employment. This is true for any economy, but economies as large as these are particularly free from international influence.

Yet suppose that labour costs are not allowed to fall - because of regulations or, more plausibly, because people are little better off after tax than on unemployment benefits. What would one then expect? The answer is low growth in employment, substitution of capital for relatively expensive labour in the economy and a squeeze on the profitability and performance of sectors producing tradeable goods and services.

This is what can be seen in the EU. So it does appear to have a "competitiveness" problem. Two points are then worth making.

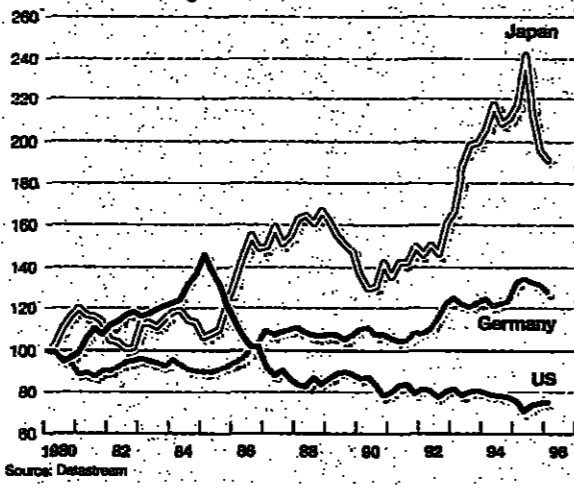
First, the core European countries do not need the "strong" currency so desired by the Bundesbank. They need, instead, a "competitive" one, subject to the proviso that its internal purchasing power is satisfactorily protected. In a low inflation era, strong currencies can become a nightmare. In truth, it is Britain's.

Second, the real cost of labour to the employer, which is not necessarily the same thing as the real wage enjoyed by employees, needs to fall if the unemployed are to be absorbed into jobs. This is important not only for the labour market, but for overall economic performance. Reform of regulations and the structure and level of taxes and benefits need to pay proper attention to these wider concerns.

If the idea of competitiveness leads to an examination of what determines the real exchange rate, it is a useful one. The performance of internationally exposed industries can be a symptom of a disease that policymakers need to investigate and cure. Competitiveness is dead; long live competitiveness.

### A simple indicator of competitiveness

Real effective exchange rate based on relative unit labour cost



Source: Datastream

Philip Stephens

## Europe is not just Major's problem



Europe: John Major's quagmire. The juxtaposition is now automatic. When the Tory sceptics are not railing against a single currency, it is Spanish trawlers, the beef ban, or federalist plots in the European Union's intergovernmental conference.

From every point on the continental compass springs a new threat to Britain's nationhood. If Kenneth Clarke dares suggest otherwise he is howled down in the manner once reserved by the hard left for Labour chancellors. The prime minister is paralysed.

For the moment, this is Mr Major's nightmare. One can hardly blame Tony Blair for enjoying, and exploiting, the Tory divisions. As much as Mr Blair has done to transform Labour into an electoral party, it is the flight from reason among Conservatives which promises to take him over the threshold of 10 Downing Street. Europe then will be seen as Labour's headache. In truth, it is Britain's.

Mr Major found himself a bystander at the European Union's Dublin summit. His continental counterparts were too polite to say goodbye, but few expect to see him again in Amsterdam next June. He was the distant cousin at the wedding; acutely conscious, it seemed, that his side of the family had been invited only for form's sake.

The others were tuning the motor of economic and monetary union. Mr Major wanted to warn that the engine would soon blow up. There was no room for the proposed new treaty to overhaul the EU's institutions. Nor was there any meeting of minds. Mr Major used to proclaim on these occasions that Britain was winning the argument against the grand ambitions

of its partners. He no longer bothers. It is hard to argue that Europe is at a standstill when your counterparts are passing around freshly printed euro banknotes.

It had seemed so different in Rome six years ago. Then, at his first summit as prime minister, Mr Major was feted as the leader who would rescue Britain from the Europhobia of the last Thatcher years. He spoke the language of co-operation. By yesterday, his report to the House of Commons on his talks in Dublin was replete with her favourite negatives.

In another respect too, Dublin seemed a fitting end to a 17-year journey. It was in the Irish capital that it all started back in 1979, with the row over the British contribution to the Brussels budget. Margaret Thatcher's demand that the others give back her money marked out Europe as a threat rather than an opportunity. Henceforth, Britain's continental diplomacy was to be conducted through the metaphors of war. She signed up, of course, to the Single European Act, and Mr Major to Maastricht. But these, the nation was assured, were merely tactical retreats.

His close colleagues give conflicting accounts of the prime minister's mood. Some report they have never seen him so ill-tempered, the consequence of fatigue and frustration. But there is also a hint of fatalism. Europe has become his party's death wish. The history books are unlikely to lay the blame on Mr Major.

Mr Blair, however, cannot escape this legacy. Before the general election, he is determined not to be outflanked by a sceptical Mr Major. He intends to rebut at every turn the charge that Labour would surrender its "vetoes" over immigration, defence and taxation. He too is ready for isolation in the national interest.

In office, the Labour leader believes he can cut a deal

which would keep Britain in the European mainstream. His conversations with other leaders, notably with Wim Kok, the Dutch prime minister, have persuaded him that he could sign the treaty now under discussion. He also thinks that domestic public opinion can be recalibrated by a government willing to paint Europe in positive colours. Young people have not lost their idealism.

Mr Blair has a point. Britain has been part of the EU for nearly 25 years. For only two of those years - immediately after accession - has it had a government determined to make a success of membership. So if the national mood is now running with the sceptics, it is remarkable also that the option of withdrawal has won so little support.

It would be a grave mistake, though, to underestimate the task. The debate over Europe has been demeaned and corrupted by the language in which it is conducted. The relentless, facile imagery of vetoes, surrenders, and sovereignty has created an accretion of popular mistrust. It will take time to build a different consensus. And there are also national doubts as to how comfortably Britain will slot into a Europe built around economic and monetary union.

The sceptics in Mr Blair's party are quietest now. But opposition to a single currency will provide a dangerous rallying point. Out of office, the Tory sceptics will tighten their grip on their party. Every deal struck by Mr Blair in Brussels will be condemned as a sell-out of the nation's sovereignty.

Mr Major's mistake has lain in his failure to mobilise the pro-European majority at Westminster. Mr Blair cannot afford to ignore the lesson. Europe will not go away. Britain's problem will be solved only when the nation has a leader imaginative enough to redraw the boundaries of party politics.

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to "fax"), e-mailed to letters@ft.com. Published letters are also available on the FT web site, http://www.ft.com. Translation may be available for letters written in the main international languages.

### Emu: do it right, or not at all

From Mr Gabriel Mangano.  
Sir, How refreshing it was to read the Lex column "Rushed money" (December 9). You managed to squeeze in a single column more sensible comments about Emu than I've read in the whole of the numerous articles on the topic splashed across Europe's newspapers.

First, you accurately emphasised the potential structural benefits of a single currency, rather than its cyclical ones. Although some EU member countries might not like it (step forward UK), significant gains in competitiveness are likely to be achieved through closer integration of European markets, and using a single currency across all of them is certainly not going to do such convergence any harm.

Second, you had the guts to state the obvious: structurally, Europe is not ready yet for such a project. Forget all the fuss about bogus convergence criteria, phoney stability pacts and "creative"

fiscal accounting. Countries like Italy, Spain, or indeed France should admit that what they need instead is a good hard thought about how to improve their score on what economists have long recognised as one of the crucial features of so-called "optimum currency areas": the geographical and intersectoral mobility of their workforce. This takes time, and should be done properly: artificial deadlines should be scrapped when they do more harm than good.

Unfortunately, you failed to be as explicitly lucid as you could have been: you didn't dare question the conventional view that Emu should be exclusively tailored to Germany's wishes. Amen. The Bundesbank's operating procedures are as antiquated as they come (a monetary target is, as far as I am aware, only followed by one other country in the world - Switzerland, and not uncontroversially so), yet it insists on imposing such

awkward methods to a future European central bank which would be much better off with an explicit inflation target and an accountable central banker.

Similarly, the rigidity of German finance minister Theo Waigel's idea of a "stability pact" will certainly not help the euro zone water down any asymmetric shock: once again, optimum currency area theory calls for fiscal redistribution, rather than arbitrarily set limits to budget deficits, as a way to add some flexibility to an already strict system. Emu is too much of an important economic project to be spoilt by political considerations: either do it right, even if this implies resisting most of Germany's unrealistic and harmful demands, or not at all.

Gabriel Mangano, Centre Walras-Pareto, University of Lausanne, 1015 Lausanne, Switzerland

### Ukraine needs to attract private funds

From Mr G. Duchene.  
Sir, Mr George de Menil writes ("EU's chance to shine," December 6) that the EU is "short-sighted and slow" in supporting the new economic and legal reform package proposed by the Ukrainian government, and which is currently under discussion by its parliament. This view does not reflect the reality.

First, the EU has always provided the greatest balance of payment support to Ukraine: from 1994 to November 1996, Ukraine received \$236m from the EU (\$130m will most probably be transferred in the coming weeks) compared with \$76m from the US. If all types of assistance are combined for all member states and the Commission, Europe has contributed since 1991 \$4bn (49 per cent from Germany alone and 40 per cent from the EU institutions), compared with \$1.65bn from the US.

Second, there does not

seem to be any difference of view between the Commission and member states on the necessity to continue European support to Ukraine: the action plan on Ukraine contains both strong political signs of support to Ukraine, and financial commitments, among them the balance of payments financing needed by Ukraine to implement on-going reforms.

Third, however, is that Europe's support is not truly appreciated by Ukrainian authorities. If delays have arisen in the transfer of European funds to Ukraine, it is in part because the Ukrainian government seems to consider that these funds are automatically granted in the framework of International Monetary Fund agreements. However, as there is a need to complement IMF funding by bilateral grants, these grants bear their own complementary conditionalities. In order to make sure that

these conditionalities are fulfilled, the Ukrainian side should maintain adequate high level contacts with EU authorities.

Last, official balance of payments support should not be the main source of external finance. "Political money" should give way to private money. For that, investors have to be confident that Ukraine will perform well and this needs a more attractive environment than at present. We hope the present reform package proposed by Mr Puzynik - and to which European technical assistance contributes - will create conditions allowing Ukraine to raise private funds already next year.

G. Duchene, editor, Ukrainian Economic Trends, councillor of the Minister of Economy of Ukraine, EuroCentre, Puskhinskalya 12, KV20, Kiev, Ukraine

### Fluoride tablets

From Mr Eric Robinson.

Sir, With reference to Clive Cookson on fluoride in water ("Subject to get your teeth into," December 7/8), my dentist told me 30 years ago that it was effective only up to the age of seven, after which it was liable to cause the mottled teeth that Mr Cookson refers to.

Compared with the enormous quantity of water that goes down the drain from washing clothes, pots, bottles, floors, cars and flushing toilets, the amount drunk is negligible so why go to the considerable expense of treating it all? What might brewers and soft drink makers say? Far better and cheaper to issue fluoride tablets, free if need be, for its enthusiasts to put in their own drinking water.

Eric Robinson, 28 Avenue Jules Colle, B-1410 Waterloo, Belgium

### Beached

From Mr Barney Trench.

Sir, It would be easier to generate positive thinking about London's millennium exhibition if we had some idea of the marvels it is expected to contain. At the moment the project looks like a jellyfish on a dirty beach.

What are the big attractions?

Barney Trench, 83 rue Marie-Thérèse, Brussels, Belgium

### Barrow full

From Mr Desmond Keating.

Sir, If the UK rejects the European single currency and sterling stands alone, will not George Soros need to get himself a much larger wheelbarrow?

Desmond Keating, 13 Cedar Hall, Millbrook Court, Dublin 6, Ireland

**IRELAND**

**THE NATIONAL TREASURY MANAGEMENT AGENCY**

PRIMARY DEALERS IN GOVERNMENT BONDS

	Reuters: Bond price quotations	Phone
ABN AMRO/Riada Stockbrokers	RIDA-B	353-1-679-1414
CS First Boston Limited	CSVK	44-171-516-3051
Davy Stockbrokers	DAVC-D	353-1-679-2800
Goodbody Stockbrokers	GDAB-C	353-1-667-0333
NCP Group	NCSI-K	353-1-660-6944
UBS Limited	UBSI	44-171-901-1264

The National Treasury Management Agency  
Treasury Building  
Grand Canal Street  
Dublin 2

Telephone: 353-1 676 2266  
Fax: 353-1 676 6661

The above firms are recognised as Primary Dealers by the National Treasury Management Agency (NTMA).  
Further information on the Government bond market in Ireland may be obtained  
by contacting any of the Primary Dealers, or the NTMA at 353-1 676-2266.

مكتبة العدل



COMMENT & ANALYSIS

FINANCIAL TIMES
Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700
Tuesday December 17 1996

Boeing, Boeing

Yesterday's positive stock market response to Boeing's planned merger with McDonnell Douglas suggests Wall Street believes the companies' shareholders will gain from the deal. But it is hard to be as confident that it will benefit the long-run interests of the two companies' commercial customers - or even the companies themselves. In one sense, the merger is simply the latest result of pressures for consolidation of aerospace businesses worldwide. As such, its logic is hard to fault. The prospect of a still more formidable Boeing may also be just what is needed to jolt Europe's politicians into pushing through a long overdue rationalisation of their defence industries and of Airbus, the commercial aircraft consortium. That much is positive. However, the deal could also pose threats to competition. These are not primarily related to the scale of the merged company. Nor do they stem from the commanding position it would enjoy in world civil aircraft sales, since Boeing and McDonnell seldom compete directly these days for such orders. The doubts arise from the nature of and relationship between the businesses which the enlarged group would spearhead. Commercial aircraft programmes have long benefited from defence spending, which defrays research and development costs and allows the two business to share resources. A merger with McDonnell would triple Boeing's defence business and increase its access to public funding. Although US anti-trust authorities plan to scrutinise the deal, this aspect seems unlikely to rank high among their priorities. In any case,

Sky's limit

In the next few weeks, the pattern will be set for the introduction of digital satellite television in the UK. British Sky Broadcasting is expected soon to decide which kind of decoder boxes to order for the projected launch of some 200 television channels next year. The first batch is expected to be relatively simple, carrying conventional television programmes. More complex decoders will surely follow, to exploit all the computer-like possibilities of digital transmission, including interactive services such as banking and shopping. When BSkyB has decided on the specification for decoders and placed orders with suppliers, other programme providers, notably the BBC and the independent channels, will be able to decide whether they want to negotiate to transmit their programmes via the same system. Alternatively they might seek a licence for the technology so that they can develop their own systems, either using the BSkyB decoder or an add-on module. The BBC continues to fear that it will be denied full and fair access to the technology, which has been developed within Mr Rupert Murdoch's News Corporation, 40 per cent owner of BSkyB. Certainly, it would be against the public interest if Mr Murdoch (or anyone else) should use his control over the digital gateway into UK living rooms to block access to competitors. However, some in the BBC appear to yearn still for the days when it was the monopoly of technology as well as airwaves. In the digital world it is far behind BSkyB, and it is having difficulty coming to terms with the need for negotiations with a tough rival. The UK government has been discussing regulations with the industry since the summer, and the final version is due to be published shortly. It will have to balance the public interest with the requirement that BSkyB obtain a fair return on its investment. Ofel, the telecommunications regulator, will have the task of ensuring that all programme providers can gain access to the Murdoch gateway on reasonable terms. The regulations fall short of the BBC's demand that BSkyB should be required by law to licence its technology to competitors. But the new rules give Ofel ample authority to ensure fair play. The referee's record in keeping British Telecom aside suggests that he will hold his whistle near his mouth.

Brussels beef

The UK government's handling of mad cow disease, or BSE, exposed serious flaws in food safety regulation and created widespread alarm. The response of other EU nations and of the European Commission only added to the confusion. Mr Franz Fischler, the European agriculture commissioner, has correctly identified some of the most serious problems in protecting consumers. But it is doubtful whether his modest proposals yesterday for more Brussels-based controls would avoid a repeat of the BSE fiasco. During the scientific debate, experts in the EU's standing veterinary committee too often wore their national hats rather than taking a dispassionate view. They and member governments also appeared to put farmers' interests before those of consumers. The implementation of measures agreed to control BSE was not monitored adequately by the Commission itself, not least due to its modest resources. Europe has a lot to learn from the US Food and Drug Administration, which is politically independent and commands consumers' respect. Mr Fischler proposes a strengthened scientific committee to give the Commission advice independent of the vets committee. But since the vets committee seems to be the source of difficulties in the first place, the best solution would be to reform it directly by giving its scientific remit priority over national interests. Adding another bureaucratic layer could add to the confusion. The second of Mr Fischler's reforms would be to move responsibility for monitoring member states' implementation of food safety measures out of the Commission's agriculture directorate into a new, free-standing agency. This would be modelled on Europe's Court of Auditors, and would need substantial resources to carry out its job properly. This proposal would not avoid the current crossed lines between the Commission, which is supposed to ensure that rules are observed, and the member states, which are meant to police them. By emphasising scientists' views over politicians' and farmers', Mr Fischler's proposals would be a move in the right direction. However, if consumer confidence is to be rebuilt, more radical reform of food safety supervision is needed in all EU member countries as well as Brussels. Only then will political interference with science be kept within bounds.

BOEING McDonnell Douglas
Some of the formidable range of aircraft
Seats 420 to 529 passengers for long-range flights
Seats 305 to 440 passengers. Has a range of 5,300 miles. A proposed longer-range model will extend this to 5,300 miles
Seats 210 passengers. Can fly more than 7,500 miles with the extended version
Seats 180 to 230 passengers - for short to medium range operations
Best-selling commercial airliner of all time, with additional versions 737-600, 700 and 800 on their way
Twin-torotor troop transport helicopter used for military heavy-lift missions
Wide cabin tri-jet capable of seating between 233 and 410 passengers
Twin jet, seats 133 passengers
Strategic air-lift, capable of carrying tanks or troops on intercontinental flights
Air superiority fighter which played a vital role in Gulf war
Tank-busting helicopter used by US army and sold to the UK in 1995

Cruising at dizzy heights

Boeing's takeover of McDonnell Douglas finds Europe's aircraft makers deeply divided, say Michael Skapinker and Bernard Gray

The takeover of McDonnell Douglas by Boeing should be seen as an opportunity rather than a threat by its rivals, a senior European airline executive said yesterday. The two US companies would be spending so much of the next year putting their organisations together and dealing with competition regulators that they would have little time to sell aircraft, he added. But although there are enormous obstacles to the merger of the two companies, the observation was not entirely serious. The takeover of McDonnell Douglas, the top manufacturer of fighter aircraft, by Boeing, the world's biggest maker of civil aircraft, is widely seen as the precursor of huge changes in the world's aerospace and defence industries. The merged company, which is dominated by its executives, will be an overwhelmingly large presence in the civil aircraft market, with more than 60 per cent of global sales. It will challenge Lockheed Martin for dominance of the US defence market. And if successful, it will make Europe's faltering attempts to consolidate its defence industry look feeble. While the timing of the announcement was a surprise, the two companies have been talking for years. Aerospace industry executives believed McDonnell Douglas would have to find a partner and that its disappearance from civil aircraft manufacturing was merely a matter of time. Boeing has long been dominant in the civil industry, with 346 orders last year. While McDonnell Douglas managed to edge Airbus into third place, winning 110 sales to the European consortium's 106, this was widely seen as an interruption in its long-term decline. Its main problem is the small range of aircraft it offers for sale. Aircraft manufacturers believe it will be essential in future to offer airlines an entire family of aircraft, ranging from 100 seats to

550. Buying aircraft with common electronic and operating systems from one manufacturer enables airlines to make savings on training, maintenance and the purchase of spare parts. Aircraft manufacturers are particularly keen to compete in the market for expensive aircraft of 400 seats and more, where Boeing has a monopoly with its 747. Boeing is trying to increase its dominance of the large aircraft sector with a 550-seat "stretched" version of the 747. Airbus plans 375-seat and 550-seat aircraft to add to the 335-seat A330. McDonnell Douglas, however, has failed in its attempt to extend its range beyond its 300-seat MD-11. The company earlier this year abandoned plans to build a 400-seat version of the MD-11. And Mr Harry Stonecipher, chief executive of McDonnell Douglas, said at the Farnborough air show earlier this year that he did not believe Boeing would ever build its 550-seater. But by the beginning of this month, Mr Stonecipher had put these reservations aside, agreeing not only that Boeing would build its "stretched" 747 but that McDonnell Douglas would be a subcontractor on the programme. That announcement followed swiftly by Sunday's unveiling of the Boeing takeover, signalled McDonnell Douglas's demise after 76 years as an independent maker of civil aircraft. One immediate advantage of the merger is that Boeing will be able to make use of McDonnell Douglas engineers. With demand from carriers rising, Boeing is increasing its output of Boeing 737s from 10 a month in January 1996 to 17 a year later. There will also be increases in production of the 747 and the twin-engine 400-seat 777. The company is desperately short of skilled staff and has been advertising for engineers and designers in Europe. McDonnell Douglas engineers and designers will be moved to Seattle to work in the merged company. While the merger eliminates

one of the world's three manufacturers of large aircraft, it will not substantially increase the competitive pressure on Airbus. This is because most recent contests to supply aircraft to airlines had become straight fights between Boeing and Airbus. McDonnell Douglas managed to defeat Airbus last year in the contest to sell aircraft to Valujet, the cut-price US carrier. Valujet agreed to be the launch customer for the McDonnell Douglas' 100-seat MD-95 aircraft. But other keenly-fought contests - such as those to supply aircraft to Singapore Airlines, Malaysia Airlines and USAir - have been straight fights between Boeing and Airbus. However, aviation analysts say they doubt the takeover will substantially reduce price-cutting in the airline market. Competition between Boeing and Airbus will remain fierce, with airlines attempting to play them off against each other on both quality and price. British Airways and Singapore Airlines, the two most likely customers for new generation 650-seat jets, are refusing to commit themselves to Boeing's new aircraft until they have seen what Airbus has to offer. The implications of the merger for the global defence industry are more significant. The US now has two giant military aircraft makers. Lockheed Martin manufactures the F-16 light fighter, has the lead role on the next-generation F-22 top-of-the-line aircraft and is a contender for the \$100bn (£71bn) Joint Strike Fighter. Boeing will now have an even bigger range. It will have a subsidiary role on the F-22, half of the V-22 tiltrotor for the US Marines, the F/A-18 for the US Navy and the giant C-17 transport. It is also a contender for the Joint Strike Fighter. And its extensive sales of older-generation models such as McDonnell's

OBSERVER

Swallowing McDonnell

By falling into the open arms - or is it jaws? - of Boeing, McDonnell Douglas has finally succumbed to the longest-running battle in aviation. In the 1920s and 30s William Boeing and Donald Douglas jostled for the top slot in the fledgling airplane business. Boeing even stooped to buying an early Douglas seaplane - under the pretext of using it to service his yacht - to get a close look at his rival's design. Their common inspiration was Glenn Martin, founder of what is now defence giant Lockheed Martin, who taught Boeing to fly and gave young Douglas his first job. Both companies have come close to nose-diving since then. In the early 1970s Boeing was nearly bought to its knees by the elephantine development costs of the jumbo jet. A few years before, Douglas Aviation ran into turbulence before agreeing to combine with the military-minded, St Louis-based McDonnell Corporation. Donald Douglas Junior was edged out of the business following out of the merger, leaving the McDonnell clan to provide senior management; that includes the present mild-mannered chairman, John McDonnell, who has been

roundly criticised for his indelicate style and whose future in the new company is up in the air. The infusion of an outside blood two years ago in the form of chief executive Harry Stonecipher, a tough-talking former General Electric man, came too late to reverse the strategic drift. Being swallowed whole by its great rival is a sad end for the company responsible for the first round-the-world flight and the first aircraft to fly at twice the speed of sound. In the course of its 76-year history McDonnell Douglas has always made great play of celebrating corporate milestones on December 17, the anniversary of the Wright brothers' first powered flight. Would have been nice to maintain the tradition by announcing the deal today - but Boeing is in a hurry and Boeing is boss.

Net on net Israel's Benjamin Netanyahu is the latest world leader to get into the cybernetic world, holding an on-line question-and-answer session with news around the globe. The results of this venture into virtual democracy were at best mixed. Less than one-third of the 10,000 people who tried to call the Microsoft-NBC web site, managed to get through. And Netanyahu had time to answer only a dozen questions, partly because the session was interrupted by matters of state - the PM had to take an old-fashioned phone call from Yasser Arafat. The Palestinian president has, apparently, yet to discover the joys of e-mail. Besides, Netanyahu is hardly a dab hand with the keyboard; proceedings were slowed as he dictated his answers for his secretary to type. Sounds like he should stick to the sound-bite and soapbox.

Goodbye sailor The grubby business of transfer fever has hit the sea-fresh world of ocean yacht racing. In a mould-breaking move, UK cigarette maker Gallaher has coughed up a six-figure sum to get top skipper Lawrence Smith on board for next year's Whitbread round-the-world challenge. Smith has been wooed out of his Whitbread race contract with Swedish team EF - funded by an anonymous international language school - by Gallaher. He is to be flown off by US parent American Bender; he will now, instead, take the helm of the 60ft Silk Cut. Gallaher's overall budget for the race is likely to be around \$5m - a chunk of which will now go to EF for the loss of Smith, together with five of his fellow crew members. Smith says he's delighted to be leading a British crew under a British flag in the 33,000-mile marathon. EF may not initially have been quite so pleased, but it's wasted no time finding a replacement. The new man is San Francisco-based Paul Cayard, who recently secured the backing of the Netscape software business for his America's Cup challenge in New Zealand in 2000. The Whitbread should help get him up to speed.

100 years ago Yankee Brewery Wars Most of the important American brewery companies in which British investors are interested have now published their annual reports. Our American cousins have taken to record-keeping in all departments, and in the brewing trade they have succeeded in bringing competition to a fine art. A year ago, the great companies having Chicago for their centre of operations were indulging in the costly luxury of a beer war, one result of which was that in that highly favoured city it was said to be cheaper to drink beer than water. 50 years ago Interests in India British commercial interests in India are anxious to know how political developments will affect their position. Pandit Nehru has just told the Associated Chambers of Commerce in Calcutta his views, and, outwardly, they seem reasonable enough. Two countries so closely associated for 150 years cannot abruptly sever trade relationships without damage. Anyhow, there should be room for both sets of interests. This is reassuring, as far as it goes, from a leader who has just called for a resolution favouring an independent republic.





THE BOEING/MCDONNELL DOUGLAS DEAL

A \$50bn colossus with only \$1bn of net debt

It was the deal that Wall Street had been waiting for. Mr Philip Condit, Boeing chief executive, finally reeled in McDonnell Douglas over the weekend...

nearly \$50bn and net debt of only \$1bn. No wonder Moody's Investors Service promptly said it was considering lifting both companies' credit ratings yesterday.

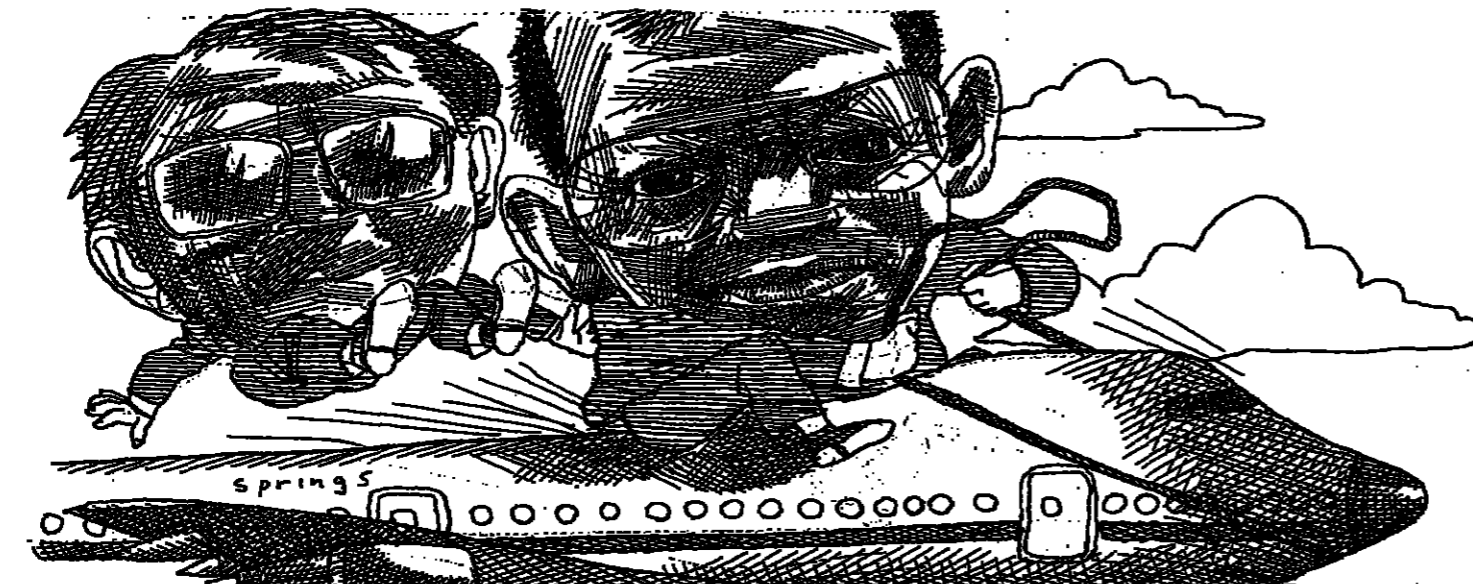
companies at \$5.5bn next year, before interest, taxes and depreciation, on revenues of \$48bn. That leaves Mr Condit with an enviable problem: how to put to good use the cash mountain that will quickly begin to pile up.

cannot be followed by big stock buy-backs for two years or more - a position that was reiterated last year, when a planned \$10bn merger of First Interstate and First Bank System was scotched after the two companies' buy-back plans failed to win approval.

day ruled out a bid for the defence electronics operations of Hughes Electronics, the latest defence business to come on to the auction block.

military side," said Mr Craig Oxman, a managing director at CS First Boston, who advised Boeing on its acquisition.

traction of US defence spending which has seen McDonnell's revenues fall by a quarter since the start of the decade.



Harry Stonecipher's 'hard man' management style may sit uneasily with the bureaucratic ethos at Boeing, where Philip Condit holds the reins

Condit sets course with shopfloor poetry

Mr Philip Condit, Boeing's chief executive, has had a long time to think about how the company could become the world's pre-eminent aerospace and defence manufacturer.

also chair the merged company. Mr Condit's career at Boeing has seen him involved in some of the group's most successful projects, as well as those that never made it out of the hangar door.

including a 10-week strike last year. After a factory tour earlier this year, he told managers: "What I found were people proud of their company but scared about what lies ahead."

error, as they had been doing until then. Mr Condit has brought in a poet to address his managers. This was not, he said, because he wanted them to become poetry lovers but because he wished to shake them out of their usual way of viewing business and get them to think differently.

Crunchy Stonecipher faces test to adapt

Mr Harry Stonecipher has a cracking line in rhetoric, even if it is occasionally just a little inconsistent. At the Paris Air Show in 1995, for instance, to the amazement of the rest of the near-suicidal aerospace industry, the McDonnell Douglas chief executive said that if the company was not already making airplanes, he would want to get into that market.

Mr Stonecipher predicted that Boeing would not build the 600-seat "super-jumbo" unless Airbus actually started on a similar aircraft. In his new job, Mr Stonecipher could well be responsible for starting a production line for the aircraft he airily dismissed.

just what was needed. Whether that was the right judgment is questionable. Parts of the organisation were already on the receiving end of heavy cost cutting. For example, Mr Herb Lense, the tough head of the fighter business, was already slashing costs at the St Louis fighter headquarters.

Advertisement for LONDON FORFAITING COMPANY PLC, featuring a revolving credit facility of US\$130,000,000. It lists various participating banks such as American Express Bank Ltd, Dresdner Bank AG, and Rabobank International.

Long faces? Not in Long Beach

By Christopher Parkes in Long Beach, California Christmas came 10 days early to the Long Beach hangars where 19,000 people assemble commercial and military jets for McDonnell Douglas. Handmade "Going Boeing" signs popped up around the sprawling plant last week.

Faith in Boeing's ownership and 60 per cent market share was everywhere apparent, but Mr Tim Jones, a components quality specialist, also had a good word for Mr Harry Stonecipher, McDonnell Douglas chief executive. "It's wonderful. It shows strong leadership," he said.

types like me, who knows?" One of the few anxious faces in the foot traffic from the car parks belonged to a 31-year-old salesman. "For two years maybe we'll be OK, while we sell down our existing line. But I suspect in the long term, they will not need two marketing teams," he said.

reserves. "In 1989 we had 15,000 members here. Now we have 7,500. Half of McDonnell's skills are still out there," he said. The takeover extends Boeing's sphere of influence decisively into southern California. It recently took over Rockwell International, which has its aerospace base at Seal Beach, a short hop from Long Beach.

COMPANIES AND FINANCE: INTERNATIONAL

French accounting rules attacked

By Andrew Jack in Paris French companies take too long to publish their annual accounts and indulge in much too wide a range of interpretations of accounting rules, a report claimed yesterday.

In an introduction to the report, Mr Georges Barthès de Ruyter, president of the National Accounting Council, says French regulations are behind the times in reflecting the rapid changes in such areas as financial instruments.

One-third of the companies analysed provided some information on specialised board committees such as an audit committee, but few offered details on how the committees worked or what they had conducted.

Many companies provided information on remuneration - including Lyonnaise des Eaux, the utilities group which this year for the first time revealed the salary of its chief executive - but it was typically incomplete.

Morse to head Salomon's Asia arm

Mr Robert Morse, head of Salomon Brothers' global natural resources group in New York, is to become chief executive officer of Salomon Brothers Asia Pacific, writes Louise Lucas in Hong Kong.

reflected the growing importance of the Asia region. In further reshuffles at the bank, Mr Albert Cobetto, former head of debt capital markets for Asia at Salomon Brothers in Hong Kong, is to leave the company.

before moving to Lehman Brothers where he stayed for 11 months, was brought back at a more senior level to Mr Cobetto, and has overseen a large-scale expansion of the capital markets team since returning to take up the reins as managing director.

Rowe and Mr William Phillips, who returned to Salomon Brothers in London earlier this month to take up a senior role in equities. Mr Rowe continues in the roles of chairman of Salomon Brothers Asia Pacific and regional head of investment banking.

Handwritten Arabic text at the bottom of the page.

COMPANIES AND FINANCE: INTERNATIONAL

INTERNATIONAL NEWS DIGEST

**Thai finance group in 5-year offering**

International Finance Corporation, the private-sector lending arm of the World Bank, has arranged a five-year \$10bn euroyen bond offering for Phatra Thanakit, a leading Thai finance and securities company. IFC said the offering was the longest maturity financing ever obtained by a Thai finance company. The aim was to help Phatra Thanakit reduce the mismatch in maturities between its assets and liabilities, and to enable the company to on-lend to its clients for longer periods than in the past, the IFC added. The bond was unrated.

Thai finance companies tend to fund themselves short-term but lend on a longer-term basis. Many companies have reached internal limits on this mismatch and are currently unable to lend over the long term. "By benchmarking the sector through this transaction, IFC is facilitating the progressive diversification of funding sources available to Thai financial institutions," Mr Jernal ud-din Kassam, IFC vice-president, said. "We believe that the more established companies will be able to tap newer markets on their own over the medium-term as they obtain acceptable international credit ratings."

*Ted Barakack, Bangkok*

**Soffex and DTB in link-up**

The German and Swiss futures and options exchanges plan to integrate their trading and clearing systems in a move that will also involve extended co-operation with the US. The Swiss Exchange and Deutsche Börse, which runs the Frankfurt securities exchanges, said they would form a joint subsidiary to create a common technical platform for linking their derivatives exchanges - Soffex (Swiss Options and Financial Futures Exchange) and Deutsche Terminbörse (DTB).

This would enable the DTB to take part in Soffex's existing agreement with the Chicago Board Options Exchange and the Options Clearing Corporation.

*Andrew Fisher, Frankfurt*

**Solid result for BOC India**

BOC India, the country's dominant industrial gases group 51 per cent owned by BOC of the UK, reported sales up 13.34 per cent to Rs2,94bn (\$62.6m) for the year to September 30, supported by strong volume growth in main products and continuing cost-cutting. The results were at the upper end of expectations. Pre-tax profit jumped 41.3 per cent to Rs161m but net profit fell 25 per cent to Rs135m, after an exceptional gain last time from an asset sale. Earnings per share after exceptional fell from Rs6.61 to Rs4.96.

*Kunal Bose, Calcutta*

**Costs cut CESC profit 59%**

CESC, the Indian utility which supplies power to Calcutta and adjoining areas, reported a sharp fall in profits in the six months to the end of September. The company has been hit by a sharp rise in expenses, including interest costs and the government of West Bengal's refusal to compensate it fully for the rise in fuel prices through power tariff revision. Net profits fell 59.4 per cent, from Rs500m to Rs203m (\$5.7m), on sales up 12.4 per cent to Rs6.73bn. The result was well below expectations and the shares fell to Rs37.50, a low for the year. Analysts do not expect any significant improvement in profits in the second half.

*Kunal Bose*

**Good debut for Australian fund**

Units in the Infrastructure Trust of Australia, the country's first listed infrastructure investment fund, made a strong debut on the stock market yesterday. Trading in the units opened at about A\$1.40 - a 40 per cent premium to the A\$1 issue price. They ended the day at A\$1.35. The issue is raising about A\$300m (US\$238m) for the trust, with A\$210m coming from institutions and the remainder from retail investors. The fund will be heavily invested in a number of private sector road projects at the outset - including the large toll-way scheme around Melbourne and a proposed toll-road link between Sydney's city centre and its airport - although the intention is to diversify into other projects, such as utilities and possibly airports, as opportunities become available.

*Nikki Tsai, Sydney*

**RTZ-CRA buys coal stake**

RTZ-CRA, the Anglo-Australian mining group, has bought out the 25 per cent interest in the Hall Creek coal-mining joint venture previously owned by Esso Australia. The deal will take the stake owned by Pacific Coal, the RTZ-CRA subsidiary, to 92 per cent, and it will sell on a small portion of the Esso holding to other partners in the joint venture. This will take the interest held by Marubeni Coal to 5.33 per cent, and the holding of Sumitomo Coal to 2.67 per cent. No price was disclosed.

*Nikki Tsai*

**NAB plans Taiwan upgrade**

National Australia Bank, the Australian-owned group which controls banks in the UK, US and New Zealand, plans to upgrade its Taiwanese operations after securing a licence for an offshore banking unit there. NAB already has a branch operation in Taiwan.

*Nikki Tsai*

**Arab Bank set for fresh start**

Libyan directors of the Arab Banking Corporation, the Arab world's largest bank in asset terms, were expected to vote at a board meeting yesterday for the first time in two years. The Bahrain-based bank is expected to start working out a new strategy after two years of stagnation following the forced resignation in 1994 of its Libyan founder and chief executive, Mr Abdulla Saudi. ABC recently commissioned consultants Arthur Andersen to advise on future strategy.

Libya, Abu Dhabi and Kuwait each hold a 25 per cent stake in ABC, but 13 percentage points of Libya's stake is held in trust with the Bahrain government. ABC, founded in 1980, had profits of \$116m last year. Mr Ghazi Abdul Jawad, a Saudi national and previously general manager of Gulf International Bank, will be ABC president and chief executive from February 1.

*Robin Allen, Manama*

**Austrian bank sale approaches final hurdle**

New bids have brought Creditanstalt privatisation to a climax

Europe's longest-running privatisation has reached the last hurdle. Final bids for the Austrian government's Schi14.6bn (\$1.3bn) controlling stake in Creditanstalt Bankverein (CA), the country's most famous bank, were submitted yesterday after a weekend of mounting political intrigue.

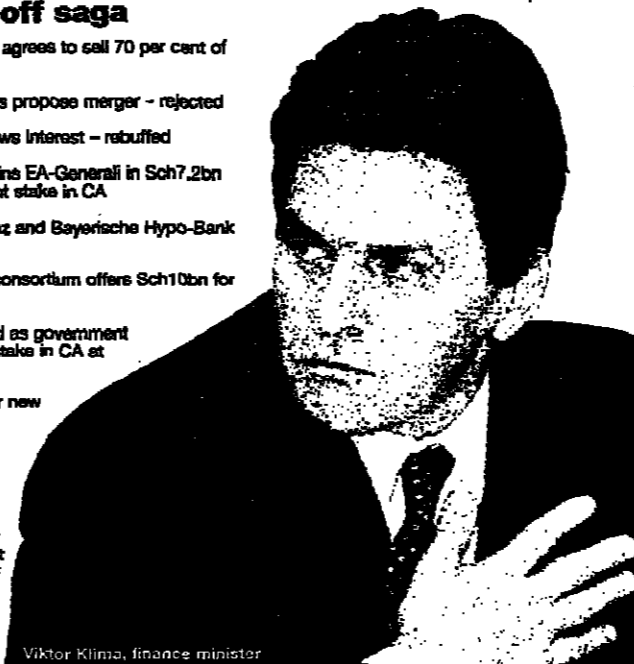
The Austrian government has been trying to sell its 19.9m CA ordinary shares since 1990. Deadlines have come and gone, but this time the final hurdle seems to have been reached. There are now three bids, and if the Austrian government bungles the decision, it risks becoming the laughing stock of the European banking community.

The offers are very different. A consortium comprising EA-Generali, the Austrian arm of an Italian insurer, First Austrian, Austria's oldest savings bank, Commerzbank of Germany, Banca Commerciale Italiana, and a hotch-potch of other

**A stop-go sell-off saga**

- 1990 Austrian government agrees to sell 70 per cent of Creditanstalt
- April 1993 Raiffeisen banks propose merger - rejected
- May 1994 CS Holding shows interest - rebuffed
- May 1994 First Austrian joins EA-Generali in Schi7.2bn consortium bid for 37 per cent stake in CA
- Jan 1995 Germany's Allianz and Bayerische Hypo-Bank submit offer - rebuffed
- March 1995 EA-Generali consortium offers Schi10bn for half of government's stake
- July 1995 JP Morgan hired as government adviser. Values government stake in CA at Schi10bn
- October 1995 Deadline for new bids. Austrian government collapses, sale put on hold
- September 1995 EA-Generali consortium bids Schi10bn for half of government's stake. Offer rejected after First Austrian pulls out of consortium at last moment
- December 1995 Three bids submitted

Source: Reuters



Viktor Klima, finance minister

interests, has been sniffling around CA for years. Until last week it was the only party to have revealed any interest.

Last Wednesday, however, Bank Austria, the country's biggest bank, announced it planned to make an offer for the Austrian government's 70 per cent stake in its main rival. No price was mentioned, but analysts believe

it will offer around Schi16bn, or roughly Sch800 a share - a premium to CA's share price of Sch720 on the eve of the announcement. The third bidder is Mr Karl Wiaschek, aged 79, who earlier this year sold Billa, Austria's biggest grocery chain, to a German retailer.

The Austrian government has certain expectations. It wants to maximise revenues

from the sale, and sees it as a catalyst for an overdue restructuring of the country's banking system. It would also like to maintain Austrian control and, at the same time, carry through a genuine privatisation.

On paper, Bank Austria's bid looks the most attractive. By taking over CA, it would have combined assets of Schi.300bn and rank

among Europe's top 30 banks. The potential for cost savings is considerable.

On the other hand, it would monopolise Austria's investment banking business and strain Bank Austria's capital ratios. It is also not a proper privatisation, since nearly two-thirds of Bank Austria's shares are owned by AV-Z, a foundation controlled by the City of Vienna and the Austrian government. Furthermore, its two biggest foreign shareholders, WestLB of Germany and Cariplo, Italy's largest savings bank, are both in the public sector. Bank Austria's opponents describe the bid as little more than the renationalisation of Creditanstalt.

The EA-Generali consortium is believed to have offered a lower price, but offers a private sector solution. Little is known about Mr Wiaschek's intentions, but European central banks generally frown upon big commercial banks being owned by individuals.

The problem for Mr Viktor Klima, the Austrian finance minister, is that his decision cannot ignore the political factors which have dogged this privatisation. Mr Klima is a member of the Social Democratic party, the majority partner in the government coalition, and Bank

Austria is regarded as a "red bank", because it is allied to Mr Klima's party.

CA, by contrast, is seen as a "black bank", as it is close to the conservative People's party, headed by Mr Wolfgang Schüssel. Its fear is that it will lose out if Bank Austria takes control of CA.

CA's trade unions, traditionally supporters of Mr Klima's party, are in uproar about the prospect of job cuts in the wake of a Bank Austria bid, and on Friday the Austrian parliament passed a resolution limiting Mr Klima's room for manoeuvre. It called on the government to undertake a genuine privatisation of its stake, not to sell it to companies controlled by federal, provincial or local authorities, and to make sure any sale does not lead to the loss of thousands of jobs - one of the main planks of the Bank Austria bid.

Mr Klima could ignore the resolution, but he risks the collapse of the fragile coalition which has ruled for the past decade. He has bargaining counters left, but does not know yet whether he has a winning hand or whether this privatisation will result in yet another stalemate.

William Hall

Your FOREIGN EXCHANGE partner

YOU'RE NOT JUST LOOKING FOR AN FX DEALER, YOU'RE LOOKING FOR AN FX PARTNER.

A BANK THAT MEETS YOUR NEEDS WITH INDIVIDUALIZED RESPONSES.

FINANCIAL EXECUTIVES HAVE RECOGNIZED A BANK LIKE THAT. FOR 18 YEARS IN A ROW.

For the 18th successive year, Citibank has been voted No. 1 in Foreign Exchange in the *Enconomy* survey of Corporate CFOs, Treasurers and Fund Managers. Because year after year, Citibank is the only bank that regularly surveys its clients to learn how to better meet their needs. Citibank. Your global partner.

**BANQUE PARIBAS**  
 US\$400,000,000  
 Undated subordinated floating rate securities  
 In accordance with the provisions of the securities, notice is hereby given that for the interest period from 17 December 1996 to 17 March 1997 the securities will carry an interest rate of 3.75% per annum. Interest payable on 17 March 1997 per US\$1,000 security will amount to US\$14.35 and per US\$10,000 security will amount to US\$143.75.  
 Agent: Morgan Guaranty Trust Company  
**JPMorgan**

**BANQUE PARIBAS**  
 US\$200,000,000  
 Undated floating rate securities  
 In accordance with the provisions of the securities, notice is hereby given that for the three month interest period from 17 December 1996 to 17 March 1997 the securities will carry an interest rate of 3.875% per annum. Interest due on 17 March 1997 will amount to US\$14.69 per US\$1,000 security.  
 Agent: Morgan Guaranty Trust Company  
**JPMorgan**

© 1996 Citibank, N.A. Citibank N.A. is regulated by SFA and IMRC.

COMPANIES AND FINANCE: INTERNATIONAL

Mannesmann misses out on Omnitel stake

By John Simkins in Milan

Mannesmann of Germany last night lost the chance to increase its stake in Omnitel Pronta Italia, the Italian cellular telephone company, when Bell Atlantic International of the US exercised its pre-emptive rights on the bidding.

The move by Bell Atlantic overrides an agreement made last month under which Olivetti, the troubled Italian information technology company, was to sell Mannesmann 8.26 per cent of Omnitel, Sitemi Radiocellulari (OSR), which owns 70 per cent of Omnitel, for L432.5bn (\$265bn).

Bell Atlantic already held 15.7 per cent of OSR and by taking up its rights as an existing shareholder it becomes the second biggest partner, after Olivetti, in the cellular phone concern.

Mannesmann, however, remains a partner in the

business through a 19.8 per cent stake it holds in Pronto Italia, which is another telecommunications consortium.

Pronto Italia controls 30 per cent of Omnitel, while 70 per cent is in the hands of OSR.

Olivetti made the original deal with Mannesmann as part of its plan to sell L500bn of assets by the end of this year in order to cut debt. Central to the programme is the sale of its loss-making personal computers business but no buyer has yet been found.

Olivetti said that the sale of the OSR stake in Omnitel to Bell Atlantic would go ahead on the same basis as had been agreed with Mannesmann.

It said L404bn of the total sale price would be paid by the end of the year; settlement of half of the remainder will be made next year and the other half, plus interest, in 2001.

After the sale Olivetti will remain the leading shareholder in OSR with 50.74 per cent.

The sale of the stake aroused controversy among some of Olivetti's institutional shareholders, which said they had invested in Olivetti because of its involvement in the telecoms sector.

Besides Olivetti and Bell Atlantic, the other partners in OSR are Cellular Communications International of the US with nearly 15 per cent and Telia of Sweden, which has a stake of nearly 10 per cent.

Mr Thomas Bartlett, president of Bell Atlantic International Wireless, said: "We are excited about the opportunity to take an even greater ownership interest in Omnitel, a business with so much growth potential."

The leading partner in the Pronto Italia consortium is AirTouch which controls 61.5 per cent.

INTERNATIONAL NEWS DIGEST

Conseco to buy Pioneer Financial

Conseco, the acquisitive US life assurance group, is paying \$417m to buy Pioneer Financial Services in a stock swap. Pioneer, based in Illinois, is the 22nd life company to be bought by Indiana-based Conseco, and the sixth in the past four months.

The deal is intended to consolidate Conseco's position in health insurance supplementing state Medicare cover, and in retirement annuities - both sectors it believes will expand as a result of demographic factors.

Pioneer, with total assets of \$1.3bn, will also strengthen Conseco's distribution, with 90,000 agents - doubling Conseco's total sales force. According to Mr Stephen Hilbert, Conseco chief executive, this will give the company the largest US distribution organisation in its selected products.

Conseco common stock will receive a fraction of a share of Conseco stock valuing the company at between \$26 and \$28 a share, depending on Conseco's performance in the 10 days before the closing of the purchase, which is expected within six months.

Wall Street welcomed the deal. Pioneer's shares were up sharply, rising 95% to \$34. Conseco shares were up 21% to \$61.7. Before its August acquisitions, the shares had been trading at \$42.

John Ashers, New York

Placer Dome threatens on bid

Placer Dome, the world's fifth-biggest gold producer, yesterday threatened to withdraw a \$30.75-a-share offer for all the shares it does not already hold in Highlands Gold, owner of 25 per cent of the Porgera gold mine in Papua New Guinea. Placer owns 50 per cent of Porgera and manages the mine.

Placer rejected Highlands' allegations that it had withheld exploration information about Porgera and that the bid was too low. If Highlands took the case to court, Placer said, the offer would be withdrawn. Placer already owns 33 per cent of publicly-traded Highlands.

Concurrently, Placer sought control of the minority shares of Placer Pacific, which also owns 25 per cent of Porgera. The two offers together were worth US\$600m, and success would mean that Placer would gain full ownership of Porgera and its annual output of about 450,000 ounces.

Robert Gibbens, Montreal

KLM buy-back benefits state

The Dutch government is to receive Fl 976.5m (\$562.7m) as a result of a buy-back by KLM of state-owned shares in the airline. The two yesterday announced that the price per share in the deal agreed earlier this month would be Fl 46.28.

This reflected the volume weighted average which KLM stock had fetched in the market over the previous four trading days, less a 2.5 per cent discount. The shares closed 30 cents higher on the news at Fl 47.20.

The transaction, which includes a Fl 176.5m payment to the state for a restructuring of its preference share entitlements, is due to be completed by next June. The government retains 25 per cent of KLM's ordinary shares.

Gordon Cram, Amsterdam

Westinghouse unit sold

Western Resources said it agreed to buy Westinghouse Electric Corp's monitored security services business for \$388m in cash. The Westinghouse unit has 300,000 accounts in 44 states, making it the fourth-largest provider of electronically monitored security services in the US.

Reuter, New York

Safeway acquires Vons chain

Safeway, the US supermarket chain, is to take over Vons in a deal valuing the southern Californian supermarket chain at about \$1.55bn. Safeway, which holds about 35 per cent of Vons, will issue 1,425 common shares for each Vons common share it does not already own and will assume about \$50m in Vons debt. The combined company will be the second largest grocery store chain in North America, with 1,377 stores and sales of more than \$22bn.

AP-DJ, California

Repsol in Peruvian gas buy

Repsol, the Spanish oil group, has bought control of the leading bottled gas company in Peru. It said it was paying \$38m for a 60 per cent stake in Solgas, and planned to spend more than \$200m on marketing its products in Peru and developing the liquefied petroleum gas business.

It also said it would take part in a \$117m programme to upgrade facilities at the La Pampilla oil refinery near Lima. A Repsol-led consortium, including YPF of Argentina and Mobil, bought a controlling stake in the refinery in June for \$180.5m.

The Spanish group said its move was designed to consolidate its position in Peru as an integrated company ranging from exploration to household gas and including a network of petrol stations which it was building up with the aim of capturing about 15 per cent of the market.

Solgas, privatised four years ago, controls about 40 per cent of the local market for butane and propane - a sector in which Repsol's Butano offshoot is the leading European company.

David White, Madrid

Svenska Handelsbanken in Skandia share probe

By Greg Melvor in Stockholm

Sweden's Financial Supervisory Authority is to launch an investigation into trading by Svenska Handelsbanken, the country's leading bank, in Skandia shares after the insurer's bid for Stadsbyggetek, the mortgage bank.

Handelsbanken, which is headed by Mr Arne Martensson, last week made a rival SKR29.5bn (\$3.95bn) offer for Stadsbyggetek. It was the biggest net seller of Skandia shares on the Stockholm bourse in a 18-day period after Skandia's all-share offer and preceding its own offer.

Skandia's shares have

fallen more than 8 per cent since the insurance company launched its bid.

Mr Hans Schedin, Financial Supervisory Authority chief legal counsel, said suggestions about the motives for Handelsbanken's trade in Skandia had been circulating in the market.

He said attempting to influence a rival company's shares was not illegal under Swedish law, but would become so next year.

Under current rules, a company found guilty of improper activity could face a variety of sanctions, including a warning or ultimate withdrawal of its operating licence, although Mr Schedin stressed this was seldom invoked.

Arne Martensson: his bank was big net seller before bid



Arne Martensson: his bank was big net seller before bid

TRW and Magna plan link-up on car interiors

By Halj Simonian in London and Sarah Althaus in Frankfurt

TRW and Magna, two of the world's biggest car component companies, yesterday announced a strategic alliance in occupant restraint products, such as airbags, in reaction to growing concentration among motor industry suppliers.

TRW is one of the leading makers of airbags and seat belts, while Magna has a growing presence in seats and interiors.

By working together, the two companies hope to offer carmakers a single source for interiors, including restraint systems, seats and fascias.

The alliance stops well short of a merger along the lines agreed last October between Autoliv of Sweden and Morton of the US, which are uniting their activities to form the world's biggest occupant restraint supplier.

Mr Peter Hellman, TRW chief operating officer, said

the deal was a "one off" and did not mark the start of a wider link with Magna.

He said TRW and Magna had been in talks well before the Autoliv-Morton merger.

As a first step, TRW and Magna are setting up a joint technical centre in Germany to work on integrated safety systems and car interiors and develop new components.

TRW will head the development side for occupant restraint systems, such as airbags and seat belts, while Magna will concentrate on interiors and car body systems.

The only immediate financial impact will be in Germany, where TRW and Magna have significant subsidiaries.

Magna will buy out third parties in MST Automotive and Temic Bayern-Chemie Airbag, two companies making airbag products and steering wheels.

After gaining control, Magna will sell 80 per cent of the equity to TRW for

DM650m (\$416.6m), subject to adjustment and government approval.

MST and TBCA, which together employ about 2,500 people, are expected to have sales of DM1.07bn this year.

Mr Joseph Gorman, TRW chairman, said: "It is a ideal fit - we are relatively weak in Europe, while Magna is strong, and we are strong in areas where Magna is weak."

The joint technical centre "promises to deliver significant benefits by incorporating some of the best engineering and technology available globally."

Mr Don Walker, Magna chief executive, said: "Customers will benefit from the joint support of the alliance's global engineering, manufacturing and distribution organisation, regardless of where the world's major automakers assemble their vehicles."

According to Mr Hellman, the deal would not affect TRW's earnings in 1997, but was expected to be "additive to TRW" in 1998.

ROMANIAN ELECTRICITY AUTHORITY (RENEI) US\$ 160,000,000 TRADE FINANCE FACILITY Arranger and Agent ING Bank

CONSOLIDATED SEMI-ANNUAL REPORT Statement of Income Balance Sheet In Touch with Tomorrow TOSHIBA

Confederation Life Insurance Company (U.S.) in Rehabilitation October 1996 CADWALADER Cadwalader, Wickersham & Taft

Midland Bank plc U.S. \$300,000,000 Undated Floating Rate Bonds

European Investment Bank FTE \$20,000,000,000 Coupon Floating Rate Bonds

Templeton Templeton Global Strategy Funds Société d'investissement à capital variable

U.S. \$500,000,000 CITICORP Subordinated Bank Adjustable Note Capital Securities BANCS

We are pleased to announce our appointment as Depository Bank by Henkel KGaA Düsseldorf for their sponsored American Depositary Receipt (ADR) Programs

Newmail ASW in recycling disposal

COMPANIES AND FINANCE: UK

£172m approach described as opportunistic and unwelcome Newman Tonks rejects FKI offer

By Tim Burt

Newman Tonks, Europe's largest architectural hardware company, yesterday said it had rejected a £172m (£282m) takeover offer from FKI, the acquisitive UK engineering group.

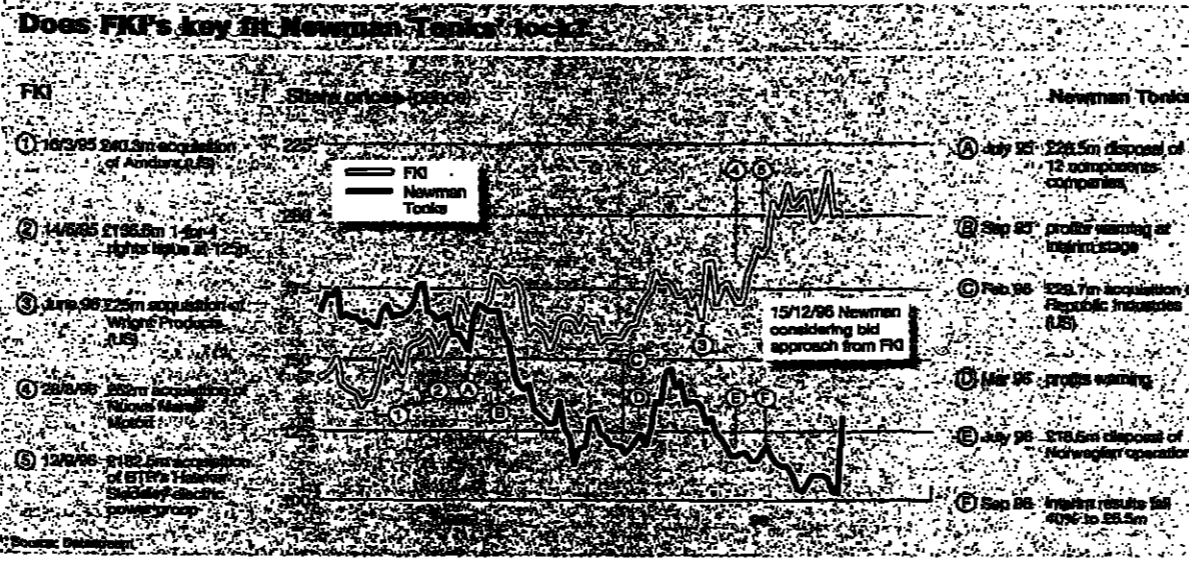
The Midlands-based group, a leading manufacturer of door handles, locks and hinges, described FKI's 134p-a-share cash offer as opportunistic and unwelcome.

Shares in the company, which has been hit by sluggish demand from the construction industry this year, rose 27p to 129 1/2p - valuing it at almost £166m.

It was yesterday said to be preparing a bid defence against a possible hostile offer from FKI, which has spent £280m on acquisitions in the past six months.

The move follows the collapse of talks at the weekend aimed at persuading Newman Tonks to recommend FKI's offer to shareholders.

"They have made a highly opportunistic approach," said Mr Geoff Gahan, Newman Tonks chief executive. "They indicated that 134p-a-share was not the best price they could offer, but then



refused to say how much they would be prepared to pay." He hinted that "other parties" were contemplating possible offers to trump FKI's approach. Analysts estimated that FKI might have to spend more than £200m, including debt, to take the company.

increase the offer in the hope of a recommendation or launch a contested bid. Neither the company or Barings - appointed to handle the deal over the head of FKI's normal advisers NM Rothschild - would comment last night. At the time of its interim results three weeks ago, FKI suggested it could use £215m of borrowing facilities to fund acquisitions.

Yesterday, however, some analysts claimed it would need to embark on a capital-raising exercise to avoid straining its balance sheet. By taking over Newman Tonks, FKI would greatly strengthen its hardware division, which contributed £25.1m to operating profits of £55.4m in the first half.

Underlying interim profits at the Midlands-based group, by comparison, fell from £9m to £7.4m following weak demand from the UK building sector. Analysts, however, expect profits next year to climb from about £17m to about £21m on the back of overseas growth. Mr Gahan said the company would be meeting its institutional shareholders shortly to seek their support in rejecting FKI's initial approach.

Bass in \$640m sale of US hotels

By Scheherazade Daneshkhu

Bass is to dispose of most of its Holiday Inns in North America in a cash and equity deal worth \$640m.

The UK-based brewer and hotels company is to take a 36 per cent stake in Dallas-based Bristol Hotel Company, the buyer, and will receive \$391m in cash for 61 Holiday Inn hotels it owns or manages. The hotels have a book value of \$636m.

Mr Ken Carter, chief executive of Lloyd Thompson, said the merger had been two years in the making. Both sides were reluctant to go ahead until JIB sold its US retail business, which it did earlier this year, and the Lloyd's of London recovery plan was completed, providing future stability for Lloyd Thompson.

Shares in JIB jumped 21p to 180p, reflecting the value

Insurance groups merge in £300m deal

By Christopher Adams, Insurance Correspondent

The pace of consolidation in the global insurance industry accelerated yesterday as British-based brokers Lloyd Thompson and JIB Group unveiled a £300m (\$492m) merger, creating a group strong in the Asian and London markets.

The business mix means Lloyd Thompson will benefit from JIB's presence in Asia and gain a foothold in continental Europe. There will also be scope for cost savings in the London market operations.

Mr Ken Carter, chief executive of Lloyd Thompson, said the merger had been two years in the making. Both sides were reluctant to go ahead until JIB sold its US retail business, which it did earlier this year, and the Lloyd's of London recovery plan was completed, providing future stability for Lloyd Thompson.

Shares in JIB jumped 21p to 180p, reflecting the value

placed on it by Lloyd Thompson's offer. Lloyd Thompson shares were up 15p to 174p.

Under the terms of the deal, Lloyd Thompson is making an agreed bid valuing JIB at £173m. Shareholders in JIB will receive four new Lloyd Thompson shares for every five held in JIB and will own 57 per cent of the new group. The deal dilutes the 60 per cent stake held by Hong Kong-based conglomerate Jardine Matheson in JIB to 34 per cent in the merged company.

The deal between Lloyd Thompson and JIB gives scope for rationalising their combined London market operations. But analysts said there was little overlap and the more important reason for the deal was income growth.

The enlarged group, to be called Jardine Lloyd Thompson, would have earned brokerage of £220m over the year to end June compared with Lloyd Thompson's £48m.

ASW in recycling disposal

By Peter Marsh

Shares in ASW rose 13p cent yesterday after the financially troubled steelmaker announced the £33m (£54m) cash sale of its metals recycling division in an effort to reduce debt.

The buyer is Philip Environmental, a Canadian industrial services company. It also announced that 200 more jobs would go in its manufacturing operations in the UK and France, giving an employee count by next summer of 2,600, 1,000 less than a year before.

Mr Alain Soulas, chief executive, said the disposal and cost-cutting measures put the company in a "completely competitive" position. But he warned that the Cardiff-based company was continuing to suffer from the European-wide weakness in the construction business which takes 85 per cent of its output.

"We are feeling the effects of oversupply and underconsumption," he said. The 4 1/2p rise in the shares to 38p reflected investor relief that the deal would reduce ASW's borrowings, which at June 30 were £130m, with gearing of 80 per cent. Mr Soulas said the proceeds would reduce borrowings to about £100m.

ASW will continue to buy recycled steel for its core steel-mesh operations from Philip.

Granada to expand Méri dien



Charles Allen, Méri dien to have a single brand image

By Scheherazade Daneshkhu and David Blackwell

Granada Group, which originally planned to sell the Méri dien hotel chain during its £3.9bn hostile takeover of Fortis a year ago, now plans to double the number of rooms to 50,000 by 2000.

Mr Charles Allen, chief executive of the TV and leisure company, said that would be achieved by seeking management contracts. Granada planned to sell the assets of the 25 Méri dien hotels it owns during the next five years. It has contracts at 52 others.

Mr Allen said owners would be offered packages of services, including restaurant concepts and health facilities. Mr Alfonso Giannuzzi,

managing director of international hotels, said Méri dien would be developed as a single brand with a European flavour, with the Méri dien in London's Piccadilly as the flagship.

Méri dien had not lost any management contracts as a result of the takeover, he said, and in the past year it had added 2,781 rooms from new signings and 1,368 rooms from extending existing contracts.

Priority areas for expansion included south-east Asia and the Americas, while a presence would be sought in eastern Europe, South Africa, China and India.

It is unlikely that there will be further sales of its Exclusive hotels before Christmas. Granada has raised £190m

from the sale of two of the 17 Exclusives - which have a total book value of £80m.

Unless the Grosvenor House in London attracted the right price, reflecting the potential for profits of up to £40m a year, it would not be sold, Mr Allen said. It made £20m (£13m) in the year to September. The 453-room Grosvenor House has a book value of £302m and accounts for almost 40 per cent of the Exclusive portfolio.

Meanwhile, the Brunei Investment Agency has denied that it is bidding for the Grosvenor House through Audley Group, a company that it created earlier this year to make luxury hotel acquisitions.

"The Sultan of Brunei's father used to enjoy staying there, but that's as far as it goes," said an official.

RESULTS

Table with columns: Company, Period, Revenue (£m), Pre-tax profit (£m), EPS (p), Dividend (p), Date of payment, Total for year, Total last year. Includes companies like Baxendale, Great Panhandling, Giltite News, etc.

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. \*After exceptional change. †On increased capital. ‡Comparatives are restated and cover 6 1/2 months to January 31 1995. \*Comparatives restated. †Includes 2p ordinary special. ‡After interest, includes 4.5p to date. †Value at launch.

The Royal Bank of Scotland Group plc advertisement. US \$350,000,000 UNDATED FLOATING RATE PRIMARY CAPITAL NOTES. In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the Interest Period from 17th December 1996 to 17th June 1997, the Notes will bear a Rate of Interest of 5.8125% per annum.

Capital One Master Trust advertisement. Floating Rate Class A Certificate, Series 2995-2. For the interest period 16th December, 1996 to 13th January, 1997 the Certificate will carry an interest rate of 5.750% per annum with an amount of U.S. \$47.63 payable per U.S. \$100,000 denomination and U.S. \$476.29 per U.S. \$1,000,000 denomination, payable on 15th January, 1997.

Divestiture of State-Owned Enterprises advertisement. Invitation to submit bids for the acquisition of shares in Western Veneer and Lumber Company Limited (WVLC). The Government of Ghana, acting through its agent the Divestiture Implementation Committee (DIC), hereby invites interested persons to submit bids for the acquisition of all the shares in Western Veneer and Lumber Company Limited.

Vertical advertisement on the left side of the page, partially obscured and illegible. Includes text like 'Conseco to buy Pioneer Finance' and 'Henkel'.





CURRENCIES AND MONEY

D-Mark falls further after stability pact deal

By Simon Kuper

The D-Mark continued its descent yesterday in the wake of Friday's deal on a stability pact for European monetary union.

However, the D-Mark's fall was modest, and followed a slight softening on Friday night when the pact was first agreed.

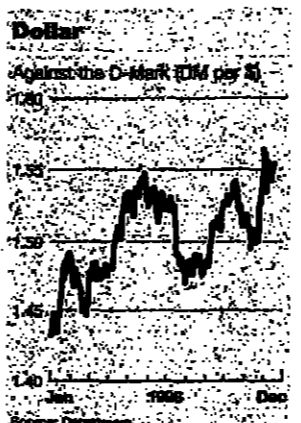
The fall in the German Ifo index of business confidence for November barely affected the D-Mark.

The dollar closed in London at DM1.554 to the German currency, 0.8 pfennigs up on Friday's London close.

that the pact had reduced their scope to stimulate their economies by fiscal means.

The US currency closed 2.5 cents higher against the French franc at FF18.242.

The dollar also rose against the yen, although traders largely ignored the strong US industrial production figures for November.



Against the D-Mark (DM per \$)

He takes this position because he believes the dollar is already correctly priced against the euro.

Mr Michael Roeskau, deputy director general at the German finance ministry, said yesterday that the current dollar/D-Mark level of about DM1.55 was a parity which can be defended on the financial markets.

Mr O'Neill said: "The only reason to make a dollar-bullish story out of the pact is if you think European central banks are now more likely to lower interest rates."

POUND SPOT FORWARD AGAINST THE POUND

Table with columns: Dec 16, Closing mid-point, Change, Bid/offer spread, Day's high/low, One month rate, Three months rate, One year rate, Bank of England index.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table with columns: Dec 16, Closing mid-point, Change, Bid/offer spread, Day's high/low, One month rate, Three months rate, One year rate, JP Morgan index.

WORLD INTEREST RATES

Table of money rates for various currencies including Belgium, France, Germany, Ireland, Italy, Netherlands, Switzerland, US, and Japan.

EURO CURRENCY INTEREST RATES

Table of Euro currency interest rates for various currencies including Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, and US.

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Table of exchange cross rates for various currencies including Belgium, Denmark, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, and US.

JAPANESE YEN FUTURES (JYF) Yen 12.5 per Yen 100

Table of Japanese Yen futures data including Open, Last, Change, High, Low, Est. vol, and Open int.

STERLING YEN FUTURES (SYF) Yen 12.5 per Yen 100

Table of Sterling Yen futures data including Open, Last, Change, High, Low, Est. vol, and Open int.

EUROPEAN CURRENCY UNIT RATES

Table of European Currency Unit rates for various currencies including Ireland, Portugal, Italy, Netherlands, Belgium, Austria, Denmark, France, and UK.

UK INTEREST RATES

LONDON MONEY RATES

Table of London money rates including Interbank Sterling, Sterling CDs, Treasury Bills, Bank bills, Local authority bills, and Discount market rates.

PHILADELPHIA SET 2'S OPTIONS (PSE) \$25,000 points of 100%

Table of Philadelphia Set 2's options data including Open, Last, Change, High, Low, Est. vol, and Open int.

PHILADELPHIA SET D-MARK/ST Options (PDS) \$25,000 (\$ per DM)

Table of Philadelphia Set D-Mark/St options data including Open, Last, Change, High, Low, Est. vol, and Open int.

SHORT STERLING OPTIONS (SST) \$500,000 points of 100%

Table of short sterling options data including Strike, Dec, Mar, Jun, Dec, Mar, Jun.

BASE LENDING RATES

Table of base lending rates for various banks including Adams & Company, Allied Irish Bank, Allied Trust Bank, etc.

EURODOLLAR (ED) \$1m points of 100%

Table of Eurodollar rates including Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

US TREASURY BILL FUTURES (TBF) \$1m per 100%

Table of US Treasury Bill futures data including Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

SHORT STERLING OPTIONS (SST) \$500,000 points of 100%

Table of short sterling options data including Strike, Dec, Mar, Jun, Dec, Mar, Jun.

MEMBERS OF LONDON INVESTMENT BANKING ASSOCIATION

- List of members of the London Investment Banking Association including Citibank, Deutsche Bank, etc.

MEMBERS OF LONDON INVESTMENT BANKING ASSOCIATION

- List of members of the London Investment Banking Association including Citibank, Deutsche Bank, etc.

Advertisement for Merrill Lynch International, Ropemaker Place, 25 Ropemaker Street, London EC2Y 9LY.

Advertisement for The Chase Manhattan Corporation, U.S. \$400,000,000 Floating Rate Subordinated Notes due 2009.

Advertisement for RPS Residential Property Securities No.3 PLC and City of Stockholm.

Banks seek to set up second market for de...

JAN 16 1997

COMMODITIES AND AGRICULTURE

Coffee recovers from earlier setback

MARKETS REPORT

By Allison Marland, Philip Coggan and Peter John

Coffee futures prices largely recovered from falls in New York and London which followed news of an increase in Liffe coffee stocks...

delivery ended \$3 lower at \$1.275 a tonne after dropping to \$1.258.

Liffe said certified coffee stocks available for delivery rose to 2,104 five-tonne lots in November from 1,410 lots in October.

Ms Judy Ganes, analyst with Merrill Lynch in New York, said the jump in supplies had put the market under pressure.

The USDA half-yearly forecast put global production for 1996-97 at 100.9m 60kg bags, up 1.8m from its June prediction.

It revised upwards its forecasts for Indonesia and Vietnam, two important robusta producers.

White sugar futures for May delivery eased \$1.60 a tonne to \$30.150 in thin Liffe trading.

ED&F Man, the London broker, says in a report published today that sugar prices will continue to be dragged down as European

Union supplies arrive in the new year. Other downward pressures on the market will be larger raw sugar exports from Thailand and cheaper Cuban supplies.

But it says the downside may be limited because the final size of the new Cuban crop is still far from certain, and because white sugar producers in eastern Europe may stop exporting following the drop in prices.

Metals prices were generally weaker, as traders dealt

in the cash market for the month's "third Wednesday pricing" in two days' time.

Oil prices eased yesterday as the market steadied itself for the impact of the first Iraqi supplies for six years.

Oil prices eased yesterday as the market steadied itself for the impact of the first Iraqi supplies for six years.

Brent crude for January delivery was trading at \$24.075 in late afternoon on London's International Petroleum Exchange.

However, prices have recovered from last week's initial nervousness and traders said the impact of Iraqi exports was offset by low inventories and recent cold weather snaps.

The report will be in two sections, one covering recommendations for reform, the other a review of all the submissions it received.

Data on housing lift lumber market

By Laurie Morse in Chicago

The North American lumber market was lifted yesterday by expectations that US housing starts increased slightly in November.

The US government will release the data on new-home construction and applications for building permits today.

Traders expect the report to show a rise to 1.3m units on an annualised basis in November, up from the 1.27m units the government forecast in October.

Lumber prices are highly sensitive to bond prices, since mortgage rates change in tandem with the Treasury market.

At midday yesterday, lumber futures for January delivery at the CME were \$5 higher than Friday's close, at \$38.65 per thousand

board feet. The November bid in the contract was \$428.

"We're expecting to see a modest recovery in new home starts," said Mr David Berson, chief economist with Fannie Mae, the national mortgage insurance agency.

"Housing starts have dropped faster than home sales in the last six months," he said.

Mr Neal Schneidker, lumber analyst for Smith Barney, said seasonal factors have dented demand for lumber, contributing to futures market declines in the last month.

Furthermore, he said many retailers have moved to just-in-time inventory management. "Historically at this time of year, retailers would be building inventories in anticipation of the spring building season," he said.

Indian mining pulls in \$500m

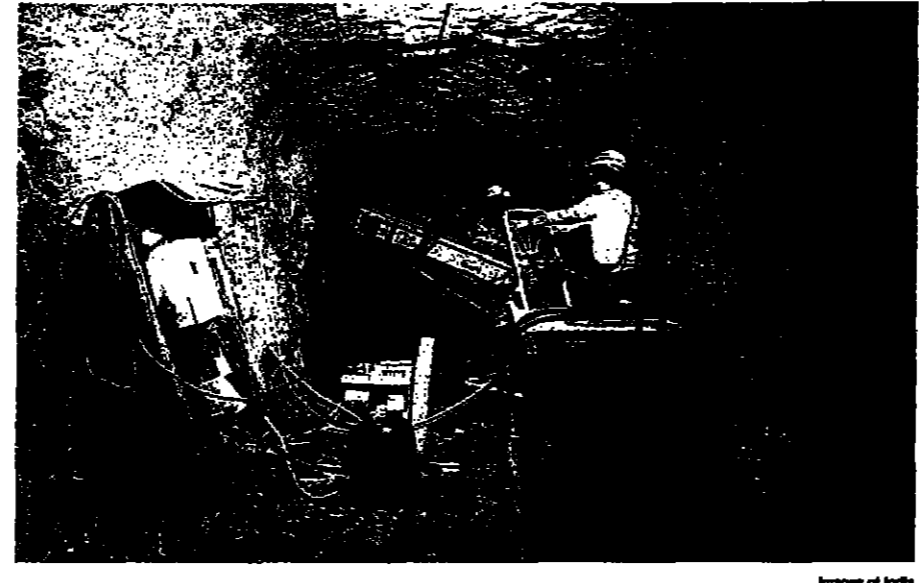
By Kenneth Gooding, Mining Correspondent

The message that India is attempting to attract foreign capital into its mining industry for the first time in decades is bearing fruit.

About \$500m of investment by some of the world's biggest mining companies has been approved by the Foreign Investment Promotion Board in recent months.

The list of investors includes Ashtom Mining, BHP and Normandy of Australia; De Beers of South Africa and RTZ-CRA, the Anglo-Australian group, according to Mr A. C. Sen, secretary to the ministry of mines.

Mr M. Mukherjee, chief controller of mines, Indian Bureau of Mines, said at a seminar in London that the country produces two tonnes of gold but consumes an estimated 250 tonnes. He said



India was once the world's sole producer of diamonds but now imports about 70m carats.

India provided for only 30 per cent of its copper requirements, it mined no nickel and that by 2000 there would be room for another 120,000 tonnes of annual primary aluminium production.

"There are opportunities for foreign participation in bauxite, iron ore, copper, chrome, diamonds, gold and potash," he said.

He was speaking at an Indian government seminar held to raise awareness of the country's mineral potential among overseas investors.

Mr Sen said India needed twice as much exploration as that planned by 2003. Although India had a rich mining heritage dating back 6,000 years and 93 per cent of the country had been geo-

logically mapped, "it is one of the least explored areas on earth. More advanced geophysical techniques have not yet been put to any significant extensive use."

The delegates were also told there were several iron ore, bauxite and copper mines that needed capital and there were opportunities for mining equipment manufacturers because so much plant needed replacing.

COMMODITIES NEWS DIGEST

SIB set to release report on LME

The Securities and Investments Board, the UK's leading financial watchdog, yesterday said it would release its report on regulating the London Metal Exchange on Thursday.

The LME invited the SIB to conduct the review after the Sumitomo Corp troubles hit commodities markets.

The report will be in two sections, one covering recommendations for reform, the other a review of all the submissions it received.

It is also likely that the SIB will highlight changes to the reporting of large holdings in the market.

New Chile smelters likely

Chile's booming copper industry will produce enough copper concentrates in the coming years to supply two new smelters which are currently under study, said trade group National Mining Society (Sonami).

Sonami started work two months ago on a study for South Korean industrial giant Hyundai on the feasibility of building a smelter which would process 400,000 tonnes of copper concentrates a year.

Last week Endesa, the Chilean electricity giant, said it had struck a deal with Finland's Outokumpu to study the construction of a \$300m smelter to process 1m tonnes of copper concentrates.

Setback for Venezuela cocoa

Venezuela's production of fine aromatic cocoa is expected to drop by as much as 30 per cent to around 11,500 tonnes due to unseasonable weather and heavy rains.

Venezuela exporters said. Torrential rains over the past month had "really hurt the production of caribean superior cocoa," said Mr John Keboe of Venezuela Commercial Cacao.

Venezuela produces some 16,500 tonnes of cocoa each year, about 0.5 per cent of the world market, but nearly 20 per cent of the world's flavour crop.

COMMODITIES PRICES

BASE METALS

Table with columns for metal name, price change, and current price. Includes Aluminium, Lead, Zinc, Tin, and Copper.

Precious Metals continued

Table with columns for metal name, price change, and current price. Includes Gold, Silver, Platinum, and Palladium.

GRAINS AND OIL SEEDS

Table with columns for commodity name, price change, and current price. Includes Wheat, Maize, Soybeans, and Barley.

SOFTS

Table with columns for commodity name, price change, and current price. Includes Cocoa, Coffee, and Sugar.

MEAT AND LIVESTOCK

Table with columns for commodity name, price change, and current price. Includes Live Cattle, Lean Hogs, and Pork Bellies.

LONDON TRADED OPTIONS

Table with columns for option name, price change, and current price. Includes Aluminium, Copper, and Brent Crude.

LONDON SPOT MARKETS

Table with columns for commodity name, price change, and current price. Includes Premium Gasoline, Silver, and Rubber.

ENERGY

Table with columns for commodity name, price change, and current price. Includes Crude Oil and Heating Oil.

PRECIOUS METALS

Table with columns for metal name, price change, and current price. Includes Gold, Silver, and Platinum.

LONDON BULLION MARKET

Table with columns for metal name, price change, and current price. Includes Gold, Silver, and Platinum.

LONDON GASOLINE

Table with columns for gasoline name, price change, and current price. Includes Unleaded Gasoline.

UNLEADED GASOLINE

Table with columns for gasoline name, price change, and current price. Includes Unleaded Gasoline.

INDICES

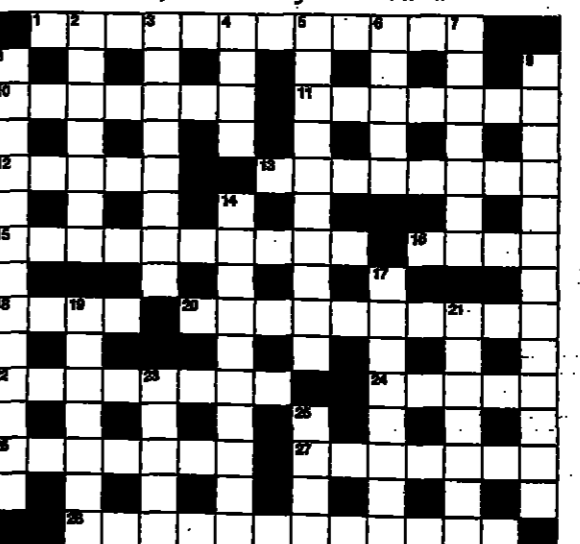
Table with columns for index name, price change, and current price. Includes FTSE 100, Nikkei, and DAX.

JOTTER PAD

Market: The % of the World's fresh water found in Antarctica (Spread 9%) Yesterday's answer: 231 inches Telephone 07000 720200

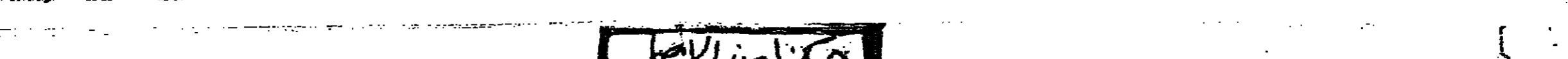
CROSSWORD

No.9,253 Set by GRIFFIN



- ACROSS: 1 Drunken reveller can hail a cab travelling north (12) 2 A number agree to differ, being mean (7)

Solution to Saturday's prize puzzle on Saturday December 26. Solution to yesterday's prize puzzle on Monday December 20.



FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (444 171) 676 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table listing various fund managers and their products in Bermuda, including details on assets and performance.

BERMUDA (REGULATED)

Table listing regulated fund managers and their products in Bermuda.

GUERNSEY (SIB RECOGNISED)

Table listing SIB recognised fund managers and their products in Guernsey.

GUERNSEY (REGULATED)

Table listing regulated fund managers and their products in Guernsey.

Small International (Guernsey) Ltd

Table listing various international fund products under Small International (Guernsey) Ltd.

IRELAND (SIB RECOGNISED)

Table listing SIB recognised fund managers and their products in Ireland.

IRELAND (REGULATED)

Table listing regulated fund managers and their products in Ireland.

GUERNSEY (SIB RECOGNISED)

Table listing SIB recognised fund managers and their products in Guernsey.

GUERNSEY (REGULATED)

Table listing regulated fund managers and their products in Guernsey.

LET Asset Management Ltd - Contd.

Table listing various fund products under LET Asset Management Ltd.

LET Asset Management Ltd - Contd.

Table listing various fund products under LET Asset Management Ltd.

LET Asset Management Ltd - Contd.

Table listing various fund products under LET Asset Management Ltd.

LET Asset Management Ltd - Contd.

Table listing various fund products under LET Asset Management Ltd.

LET Asset Management Ltd - Contd.

Table listing various fund products under LET Asset Management Ltd.

Thyry (Ireland) Ltd

Table listing various fund products under Thyry (Ireland) Ltd.

IRELAND (REGULATED)

Table listing regulated fund managers and their products in Ireland.

IRELAND (REGULATED)

Table listing regulated fund managers and their products in Ireland.

IRELAND (REGULATED)

Table listing regulated fund managers and their products in Ireland.

IRELAND (REGULATED)

Table listing regulated fund managers and their products in Ireland.

Scottish Mutual Ltd

Table listing various fund products under Scottish Mutual Ltd.

Scottish Mutual Ltd

Table listing various fund products under Scottish Mutual Ltd.

Scottish Mutual Ltd

Table listing various fund products under Scottish Mutual Ltd.

Scottish Mutual Ltd

Table listing various fund products under Scottish Mutual Ltd.

Scottish Mutual Ltd

Table listing various fund products under Scottish Mutual Ltd.

Scottish Mutual Ltd

Table listing various fund products under Scottish Mutual Ltd.

Scottish Mutual Ltd

Table listing various fund products under Scottish Mutual Ltd.

Scottish Mutual Ltd

Table listing various fund products under Scottish Mutual Ltd.

Scottish Mutual Ltd

Table listing various fund products under Scottish Mutual Ltd.

Scottish Mutual Ltd

Table listing various fund products under Scottish Mutual Ltd.

Scottish Mutual Ltd

Table listing various fund products under Scottish Mutual Ltd.

Scottish Mutual Ltd

Table listing various fund products under Scottish Mutual Ltd.

Scottish Mutual Ltd

Table listing various fund products under Scottish Mutual Ltd.

Scottish Mutual Ltd

Table listing various fund products under Scottish Mutual Ltd.

Scottish Mutual Ltd

Table listing various fund products under Scottish Mutual Ltd.

Scottish Mutual Ltd

Table listing various fund products under Scottish Mutual Ltd.

Scottish Mutual Ltd

Table listing various fund products under Scottish Mutual Ltd.

Scottish Mutual Ltd

Table listing various fund products under Scottish Mutual Ltd.

Scottish Mutual Ltd

Table listing various fund products under Scottish Mutual Ltd.

Scottish Mutual Ltd

Table listing various fund products under Scottish Mutual Ltd.

Offshore Funds

Table listing various offshore fund products.

Offshore Funds

Table listing various offshore fund products.

Offshore Funds

Table listing various offshore fund products.

Offshore Funds

Table listing various offshore fund products.

Offshore Funds

Table listing various offshore fund products.

Advertisement for 'Need facts and figures in a hurry?' featuring a magnifying glass icon and text about tracking information.

SIB set to release report on LAR

CROSSWORD

Offshore Funds and Insurances

FT MANAGED FUNDS SERVICE

FT Cityline Unit Prices are available over the telephone. Call the FT Cityline Help Desk on (44-171) 873 4378 for more details.

Main table containing fund names, prices, and performance metrics. Includes sections for Luxembourg (SIB RECOGNISED), LUXEMBOURG (REGULATED), and OFFSHORE INSURANCES.

Handwritten signature or stamp at the bottom center of the page.

FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (444 171) 978 4978 for more details.

Main table of fund prices with columns for Fund Name, Price, and other financial metrics. Includes sections for FT Cityline Unit Trust Prices and Offshore Insurances and Other Funds.

OTHER OFFSHORE FUNDS section containing additional fund listings and prices.

JAVICO LTD

Mikimoto advertisement featuring a pearl necklace and text: 'A SPLENDID ARRAY OF EXCEPTIONAL CULTURED PEARL FABRICS AND NECKLACES... MIKIMOTO'.

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing companies in the Alcoholic Beverages sector, including names like Diageo and their respective share prices.

BANKS, MERCHANT

Table listing companies in the Banks, Merchant sector, including names like HSBC and their respective share prices.

BANKS, RETAIL

Table listing companies in the Banks, Retail sector, including names like Abbey National and their respective share prices.

BREWERIES, PUBS & REST

Table listing companies in the Breweries, Pubs & Rest sector, including names like Carlsberg and their respective share prices.

BUILDING & CONSTRUCTION

Table listing companies in the Building & Construction sector, including names like Bovis Lend Lease and their respective share prices.

BUILDING MATS. & MERCHANTS

Table listing companies in the Building Mats. & Merchants sector, including names like Bunnings and their respective share prices.

CHEMICALS

Table listing companies in the Chemicals sector, including names like ICI and their respective share prices.

CHEMICALS - Cont.

Continuation of Chemicals sector table.

DISTRIBUTORS

Table listing companies in the Distributors sector, including names like Marks & Spencer and their respective share prices.

DIVERSIFIED INDUSTRIALS

Table listing companies in the Diversified Industrials sector, including names like BHP and their respective share prices.

ELECTRICITY

Table listing companies in the Electricity sector, including names like British Energy and their respective share prices.

ELECTRONIC & ELECTRICAL EQPT

Table listing companies in the Electronic & Electrical Eqpt sector, including names like Agilent and their respective share prices.

ENGINEERING, VEHICLES

Table listing companies in the Engineering, Vehicles sector, including names like BAE Systems and their respective share prices.

ENGINEERING

Table listing companies in the Engineering sector, including names like BAE Systems and their respective share prices.

EXTRACTIVE INDUSTRIES

Table listing companies in the Extractive Industries sector, including names like Anglo American and their respective share prices.

EXTRACTIVE INDUSTRIES - Cont.

Continuation of Extractive Industries sector table.

FOOD PRODUCERS

Table listing companies in the Food Producers sector, including names like Unilever and their respective share prices.

FOOD PRODUCERS - Cont.

Continuation of Food Producers sector table.

GAS DISTRIBUTION

Table listing companies in the Gas Distribution sector, including names like British Gas and their respective share prices.

HEALTH CARE

Table listing companies in the Health Care sector, including names like Glaxo and their respective share prices.

HOUSEHOLD GOODS

Table listing companies in the Household Goods sector, including names like Hoover and their respective share prices.

ENGINEERING

Table listing companies in the Engineering sector, including names like BAE Systems and their respective share prices.

Continuation of Engineering sector table.

Continuation of Engineering sector table.

Continuation of Engineering sector table.

Continuation of Engineering sector table.

Continuation of Engineering sector table.

Continuation of Engineering sector table.

Continuation of Engineering sector table.

Continuation of Engineering sector table.

Continuation of Engineering sector table.

Continuation of Engineering sector table.

Continuation of Engineering sector table.

Continuation of Engineering sector table.

Continuation of Engineering sector table.

EXTRACTIVE INDUSTRIES - Cont.

Continuation of Extractive Industries sector table.

Continuation of Extractive Industries sector table.

Continuation of Extractive Industries sector table.

Continuation of Extractive Industries sector table.

Continuation of Extractive Industries sector table.

Continuation of Extractive Industries sector table.

Continuation of Extractive Industries sector table.

Continuation of Extractive Industries sector table.

Continuation of Extractive Industries sector table.

Continuation of Extractive Industries sector table.

Continuation of Extractive Industries sector table.

Continuation of Extractive Industries sector table.

Continuation of Extractive Industries sector table.

Continuation of Extractive Industries sector table.

HOUSEHOLD GOODS - Cont.

Continuation of Household Goods sector table.

Continuation of Household Goods sector table.

Continuation of Household Goods sector table.

Continuation of Household Goods sector table.

Continuation of Household Goods sector table.

Continuation of Household Goods sector table.

Continuation of Household Goods sector table.

Continuation of Household Goods sector table.

Continuation of Household Goods sector table.

Continuation of Household Goods sector table.

Continuation of Household Goods sector table.

Continuation of Household Goods sector table.

Continuation of Household Goods sector table.

Continuation of Household Goods sector table.

INVESTMENT TRUSTS - Cont.

Continuation of Investment Trusts sector table.

Continuation of Investment Trusts sector table.

Continuation of Investment Trusts sector table.

Continuation of Investment Trusts sector table.

Continuation of Investment Trusts sector table.

Continuation of Investment Trusts sector table.

Continuation of Investment Trusts sector table.

Continuation of Investment Trusts sector table.

Continuation of Investment Trusts sector table.

Continuation of Investment Trusts sector table.

Continuation of Investment Trusts sector table.

Continuation of Investment Trusts sector table.

Continuation of Investment Trusts sector table.

Continuation of Investment Trusts sector table.

Advertisement for LALAOUNIS jewelry, featuring a diamond ring and contact information for London, New York, Geneva, Zurich, Tokyo, Hong Kong, Corfu, Myconos, and Rhodes.

Table listing companies in the Engineering - Cont. sector.

Table listing companies in the Engineering, Vehicles sector.

Table listing companies in the Extractive Industries sector.

Table listing companies in the Extractive Industries - Cont. sector.

Table listing companies in the Food Producers - Cont. sector.

Table listing companies in the Gas Distribution sector.

Table listing companies in the Food Producers - Cont. sector.

Table listing companies in the Health Care sector.

Table listing companies in the Household Goods sector.

Table listing companies in the Household Goods - Cont. sector.

Table listing companies in the Insurance sector.

Table listing companies in the Investment Trusts sector.

Table listing companies in the Investment Trusts - Cont. sector.

Table listing companies in the Investment Trusts - Cont. sector.

Table listing companies in the Investment Trusts - Cont. sector.

Table listing companies in the Investment Trusts - Cont. sector.

Table listing companies in the Investment Trusts - Cont. sector.

Table listing companies in the Investment Trusts - Cont. sector.

Table listing companies in the Investment Trusts - Cont. sector.

Table listing companies in the Investment Trusts - Cont. sector.

Table listing companies in the Investment Trusts - Cont. sector.

Table listing companies in the Investment Trusts - Cont. sector.

Table listing companies in the Investment Trusts - Cont. sector.

Table listing companies in the Investment Trusts - Cont. sector.

Handwritten Arabic text at the bottom of the page.

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

Table listing investment trusts with columns for company name, price, and change.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for company name, price, and change.

INVESTMENT COMPANIES

Table listing investment companies with columns for company name, price, and change.

LEISURE & HOTELS

Table listing leisure and hotel companies with columns for company name, price, and change.

LIFE ASSURANCE

Table listing life assurance companies with columns for company name, price, and change.

LIFE ASSURANCE - Cont.

Table listing life assurance companies (continued).

MEDIA

Table listing media companies with columns for company name, price, and change.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies with columns for company name, price, and change.

OIL, INTEGRATED

Table listing integrated oil companies with columns for company name, price, and change.

OTHER FINANCIAL

Table listing other financial companies with columns for company name, price, and change.

PAPER, PACKAGING & PRINTING

Table listing paper, packaging, and printing companies with columns for company name, price, and change.

PAPER, PACKAGING & PRINTING - Cont.

Table listing paper, packaging, and printing companies (continued).

PHARMACEUTICALS

Table listing pharmaceutical companies with columns for company name, price, and change.

PROPERTY

Table listing property companies with columns for company name, price, and change.

PROPERTY - Cont.

Table listing property companies (continued).

SUPPORT SERVICES - Cont.

Table listing support services companies (continued).

RETAILERS, FOOD

Table listing retailers and food companies with columns for company name, price, and change.

RETAILERS, GENERAL

Table listing general retailers with columns for company name, price, and change.

SUPPORT SERVICES

Table listing support services companies with columns for company name, price, and change.

SUPPORT SERVICES - Cont.

Table listing support services companies (continued).

TELECOMMUNICATIONS

Table listing telecommunications companies with columns for company name, price, and change.

TEXTILES & APPAREL - Cont.

Table listing textiles and apparel companies (continued).

TOBACCO

Table listing tobacco companies with columns for company name, price, and change.

TRANSPORT

Table listing transport companies with columns for company name, price, and change.

WATER

Table listing water companies with columns for company name, price, and change.

AIM

Table listing companies on the Alternative Investment Market (AIM) with columns for company name, price, and change.

AIM - Cont.

Table listing AIM companies (continued).

AMERICANS

Table listing American companies with columns for company name, price, and change.

CANADIANS

Table listing Canadian companies with columns for company name, price, and change.

SOUTH AFRICANS

Table listing South African companies with columns for company name, price, and change.

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service are delivered by Data, part of Financial Times Information. Company quotations are based on those used for the FTSE 100 Index. ...

Advertisement for MAPPIN & WEBB featuring a diamond ring and the text 'KISS, KISS. 1807 GOLD PAVÉ DIAMOND BARRINGS, 4785. BRANCHES NATIONWIDE. FLAGSHIP STORE AT 170 REGENT STREET, LONDON. TELEPHONE: 0171 734 3861.'

LONDON STOCK EXCHANGE

Footsie closes just short of the 4,000 level

MARKETS REPORT
By Steve Thompson,
UK Stock Market Editor

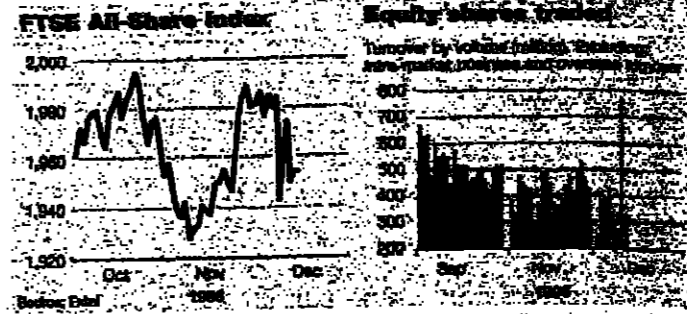
The appearance of a couple of domestic takeover bids, a good early showing by global bonds and a reassuring performance by Wall Street saw London equities regain some of the composure lost over the past couple of weeks.

mate in the leaders quickly spread to the rest of the market, where the FTSE 350 index settled 12.9 ahead at 4,371.2 and the FTSE SmallCap 3.6 at 2,132.0.

The growing feeling that further takeover action in London might not be too far away. Although much of the early talk in London was about the multi-billion dollar merger between Boeing and McDonnell Douglas, there was no shortage of UK bid speculation.

The latter two stocks were hammered last week in the wake of the merger of Aon Corporation and Alexander and Alexander of the US, which was seen as removing two potential predators. But the feeling is that more moves could be imminent in the UK insurance sector.

Strategists at Lehman said: "UK equities look cheaply valued relative to gilts and this stands in marked contrast to the position elsewhere in Europe where the bulk of equity markets look expensive compared with bonds."



Indices and ratios table showing FTSE 100, FTSE 250, FTSE 350, FTSE All-Share, and FTSE All-Share yield with percentage changes.

Shell loses ground

Shell Transport slipped 3/4 to 982p as analysts came away from a high-profile, two-day presentation in London and New York with mixed feelings.

lated about an offer from the US. The perceived bidders are said to be the new Aon or Marsh & McLennan. Sedgwick gained 5/4 to 132p, analysts suggesting that based on the price Aon paid for rival Alexander & Alexander, the price for Sedgwick would be about 160p per share.

card started offering extra points on a number of items. Asda continued to rise, strengthening 2/4 to 124p ahead of interim figures - expected to be at the top end of forecasts - on Thursday.

noon, the Office of Fair Trading approved a revised rate card for the supply of BSkyB channels to broadband cable operators.

can to begin in the second quarter of 1997. Shire Pharmaceuticals lifted 5/4 to 202 1/2p on the back of positive clinical studies for two of its products and licensing deals for its BetaRange of hormones replacement therapy products.

FUTURES AND OPTIONS

Table of futures and options contracts including FTSE 100 Index Futures (LIFFE), FTSE 250 Index Futures (LIFFE), and FTSE 100 Index Option (LIFFE).

LONDON RECENT ISSUES: EQUITIES

Table of recent equity issues with columns for issue name, price, and volume.

FT GOLD MINES INDEX

Table of FT Gold Mines Index showing price and percentage change for various gold mining companies.

FTSE Actuaries Share Indices

Table of FTSE Actuaries Share Indices showing performance metrics for various industry sectors.

Hourly movements

Table showing hourly movements for FTSE 100, FTSE 250, and FTSE 350.

FTSE 350 Industry baskets

Table showing FTSE 350 Industry baskets with columns for industry name and index value.

Weekly Petroleum Argus

Table of Weekly Petroleum Argus prices for various oil products.

Spread betting on over 8000 markets

Table of spread betting markets including City Index and various commodity indices.

Major Stocks Yesterday

Table of major stock performance yesterday, including companies like AstraZeneca, British Airways, and British Petroleum.

However, the optimists finally won the day and the shares eventually closed 11 ahead at 1136 1/2p with some 2.5m having been dealt. Analysts suggested the deal was favourable for BAE because, "not only does this (deal) remove McDonnell Douglas as a competitor for Airbus, but it could also force Airbus to become an independent company that operates without government intervention."

SEAGI bargains 32,705 30,541 30,990 34,335 36,321 27,078 Equity turnover (m) 855.0 945.3 1367.9 1337.9 1467.5 Equity bargain 15,927 15,293 17,801 19,295 21,578 Shares traded (m) 325.5 322.8 410.1 774.5 571.2

FT 30 INDEX
Dec 16 Dec 13 Dec 12 Dec 11 Dec 10 Dec 9 Dec 8 Dec 7 Dec 6 Dec 5 Dec 4 Dec 3 Dec 2 Dec 1 Dec 0

FTSE AIM
Dec 16 Dec 13 Dec 12 Dec 11 Dec 10 Dec 9 Dec 8 Dec 7 Dec 6 Dec 5 Dec 4 Dec 3 Dec 2 Dec 1 Dec 0

EUROPEAN INVESTMENT BANK advertisement with contact information and interest rates.

BUSINESSES FOR SALE advertisement for a company with 24 HRS UNION CAL Ltd.

All Futures, Options & Margined Forex advertisement with contact details for James Allan.

£ surges - Quickly! advertisement for TenFore.

FT GUIDE TO WORLD CURRENCIES advertisement.

INFORMATION ON 10 OF THE TOP TECH ANALYSIS PACKAGES advertisement.

Linnco advertisement for a one-stop brokerage connection to futures, options, and forex markets.

Weekly Petroleum Argus advertisement.

BERKELEY FUTURES LIMITED advertisement.

0171 649 3030 Futures Options FX 24 Hrs UNION CAL Ltd. advertisement.

Market-Eye advertisement for real-time market data.

FAST 64 KBIT SATELLITE TECHNOLOGY advertisement.

KNIGHT-RIDDER'S FUTURES MARKET DATASET FROM \$570 advertisement.

WANT TO KNOW A SECRET? advertisement.

SHARES - TAX FREE advertisement with IG INDEX logo.

Fast Fills. Low Rates. advertisement.

OFFSHORE COMPANIES advertisement.

MURPAC advertisement.

Real-time quotes - Forex data advertisement.

SPREAD BETTING ON OVER 8000 MARKETS advertisement.

Weekly Petroleum Argus advertisement.

FTSE Actuaries Share Indices advertisement.

Hourly movements advertisement.

FTSE 350 Industry baskets advertisement.

Weekly Petroleum Argus advertisement.

Spread betting on over 8000 markets advertisement.

Major Stocks Yesterday advertisement.

Hourly movements advertisement.

Weekly Petroleum Argus advertisement.

FTSE INTERNATIONAL logo and contact information.





NEW YORK STOCK EXCHANGE PRICES

Main table containing stock prices for various companies, organized by sector and alphabetically. Includes columns for stock name, price, and change.

Advertisement for Hewlett-Packard featuring the slogan 'Vault ahead' and the HP logo. Text includes 'If the business decisions are yours, the computer system should be ours.' and the website 'http://www.hp.com/computing'.

Continued on next page

4 pm close December 18

NYSE PRICES

Table of NYSE stock prices including columns for stock name, price, change, and volume. Includes sub-sections for 'Continued from previous page', 'T', 'U', and 'V'.

NASDAQ NATIONAL MARKET

4 pm close December 18

Table of NASDAQ stock prices including columns for stock name, price, change, and volume. Includes sub-sections for 'Continued from previous page', 'T', 'U', and 'V'.

AMEX PRICES

4 pm close December 18

Table of AMEX stock prices including columns for stock name, price, change, and volume.

Advertisement for Cyprus. Text: 'Have your FT hand delivered in Cyprus. Gain the edge over your competitors by having the Financial Times delivered to your home or office every working day. Hand delivery services are available for all subscribers throughout Cyprus subject to confirmation by the Distributor. Please call MK Media Link Services on (02) 36 74 50 for more information. Financial Times. World Business Newspaper.'

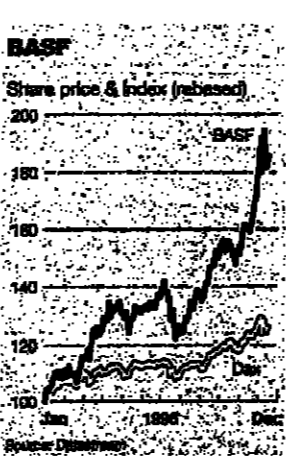
Continuation of NASDAQ stock prices from the previous page, including sub-sections for 'Continued from previous page', 'T', 'U', and 'V'.

Dow up on Boeing-led merger buzz

Merger activity helped lift blue chip shares in the Dow Jones Industrial Average at midsession, writes Lisa Branstetter in New York. Just afterwards Mr Barton Biggs, the global strategist at Morgan Stanley, adopted a bearish tack, slashing the equity weighting in his global portfolio from 74 per cent to 56 per cent and increasing cash from zero to 15 per cent.

EUROPE

Friday's signing of a tough European Union budget pact pushed bond markets higher on the periphery. Spain and Italy did particularly well and their equity markets followed suit. MADRID came achingly close to an all time high, the general index closing 7.34 or 1.9 per cent better at 410.91 against the December 3 peak of 411.42.



FTSE Actuaries Share Indices

share buybacks, and that BASF was a prime candidate for the process. "BASF doesn't have the freedom to restructure in terms of activity that Hoechst and Bayer, with their big pharmaceutical divisions, enjoy," said Mr Brown. "but it does have extremely strong cash flow, it is overcapitalised and it has no net debt."

THE EUROPEAN SERIES

Table with columns for Dec 15, Dec 16, Dec 17, Dec 18, Dec 19, Dec 20, Dec 21, Dec 22, Dec 23, Dec 24, Dec 25, Dec 26, Dec 27, Dec 28, Dec 29, Dec 30, Dec 31. Rows include FTSE 100, FTSE 250, FTSE 350, FTSE 400, FTSE 500, FTSE 600, FTSE 700, FTSE 800, FTSE 900, FTSE 1000.

China tumbles as Beijing raps speculators

China's A and B share indices tumbled in hectic selling prompted by sharp criticism of the markets by the central government in Beijing. SHENZHEN's hard currency B index plunged by the new 10 per cent maximum, while SHANGHAI B's lost 9.6 per cent. Beijing's move came after dramatic surges on both markets. The People's Daily, mouthpiece of the Communist Party, warned that the two markets were overvalued due to speculative trading and warned of a crash similar to the Wall Street collapse of 1929.

ASIA PACIFIC

sharp setbacks on concerns over pulled back to HK\$6.5bn from Friday's HK\$10.1bn. SEOUL remained at a three year low, under pressure from heavy selling by domestic institutions, which left the composite index down 13.42 to 673.92. Analysts noted that market sentiment received a further jolt when a leading investment trust company heavily sold Samsung Electronics and LG Information shares, sending most blue chips down.

AMSTERDAM

AMSTERDAM turned in the day's strongest performance in northern Europe, the AEX index advancing 9.47 or 1.6 per cent to 616.12 in solid two-way trading. Underpinned by a firm bond market, Fortis Ambev, the big insurer, produced the best bounce of the session, rising F12.90 or more than 4 per cent to F15.80. The retailer, put on F13.50 to F14.00.

BUDAPEST

BUDAPEST took advantage of strong performances in two chemical stocks, TVK and Boreodchem, to push the Bux index up 17.74 to the third successive high of 3,636.95.

Caracas resumes advance

CARACAS overcame early weakness to resume the upward path taken at the end of last week. The IBC index at midsession was 38.57 higher at 6,248.41 although volumes were very low with many investors already said to have wound down their activity ahead of Christmas.

MARKETS IN PERSPECTIVE

Table with columns for 1 Week, 4 Weeks, 1 Year, Start of 1996, Start of 1995, Start of 1994. Rows include Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Spain, Sweden, Switzerland, UK, EUROPE, Australia, Hong Kong, Japan, Malaysia, New Zealand, Singapore, Canada, USA, Mexico, South Africa, WORLD INDEX.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-funder of the indices.

NATIONAL AND REGIONAL MARKETS

Table with columns for US Dollar, Pound Sterling, Yen, DM, Local Currency, Local Div. Yield, Local Div. Yield, US Dollar, Pound Sterling, Yen, DM, Local Currency, Local Div. Yield, Local Div. Yield. Rows include Australia, Austria, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Hong Kong, Indonesia, Italy, Japan, Korea, Malaysia, Mexico, Netherlands, New Zealand, Norway, Philippines, Singapore, South Africa, Spain, Sweden, Switzerland, Thailand, United Kingdom, USA.

INVESTMENT BANKING FROM A TO Z

Advertisement for investment banking services, featuring a portrait of a man and text: "OF COURSE YOU NEED AN INVESTMENT BANK WITH KEEN BRAINS TO COME UP WITH THE ANSWERS BUT YOU ALSO NEED ONE WITH THE FINANCIAL STRENGTH TO PUT ITS MONEY WHERE ITS ADVICE IS".

Large advertisement on the right side of the page, featuring a large 'FI' logo and text: "Six Red Cross aid workers killed in Chad".

Main table at the bottom of the page containing various market indices and data. Columns include Country, Index, Change, and other metrics. Rows include Australia, Austria, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Hong Kong, Indonesia, Italy, Japan, Korea, Malaysia, Mexico, Netherlands, New Zealand, Norway, Philippines, Singapore, South Africa, Spain, Sweden, Switzerland, Thailand, United Kingdom, USA, and various regional indices.